

THE TIMES

Zimbabwe coalition agreed in Mugabe-Nkomo talks

Mr Robert Mugabe and Mr Joshua Nkomo, who together won 77 of the 80 black seats in the elections, agreed yesterday to form a coalition Government of Zimbabwe. Mr Mugabe also arranged to meet Mr Ian Smith, whose Rhodesian Front holds the 20 white seats. As soon as the new Government takes office, Lord Soames is to leave as there is no role for him to fill.

Meeting with Mr Smith arranged

SALISBURY, March 5—Mr Robert Mugabe, the Rhodesian Prime Minister-designate, and his chief guerrilla rival, Mr Joshua Nkomo, agreed today to form a coalition government for the independent Zimbabwe. "We are now at one," Mr Mugabe said after a 20-minute meeting between the two leaders this morning. "Mugabe met the other," Mr Nkomo said. "I am now a member of a Patriotic Front government." Mr Nkomo said he did not know if Mr Nkomo was offered a specific post in the new government. There has been speculation that he would succeed the largely ceremonial role of President—UP.

Mr Nkomo said he had two meetings with Mr Mugabe, and also arranged a second meeting with Mr Ian Smith, leader of the Rhodesian Front white caucus of 20 members in the new 100-seat Parliament.

But he spent most of his time today at sessions of the central committee of his Zanu (PF) Party, a body which he punctiliously consults before making decisions.

Mr Mugabe received a telegram of congratulations from Lord Carrington, the Foreign Secretary, today, wishing him every success in forming a broad-based government to work for national unity and reconciliation.

A well-placed source made it clear tonight that there was no

question of Lord Soames staying on after independence day, for three reasons. There was no room for two governments; there was no suitable role for him to fill after being Governor; and his continued presence could be seen as delaying the grant of independence.

Soundings within the British Administration today produced a reaction of pleased surprise at the way things were going and what is identified as the conciliatory approach of Mr Mugabe.

Progress on the most important immediate issue, the integration of the two guerrilla armies and the Rhodesian security forces, is now well advanced, helped by the remarkable immediate decision of Mr Mugabe to allow this to happen under the auspices of Lieutenant-General Peter Walls, the Rhodesian military leader, who will stay on, it is thought, for some months after independence.

The next stage of this process, the bringing together of units of both Zanu, the pro-Mugabe forces, and Zipra (pro-Nkomo) into one camp for training under British monitoring group supervision and with Rhodesian Army participation will take place "very soon", sources said.

At present a Zania battalion is being retained in the north-east and a Zipra battalion in the south-west. But the delicate problem of restructuring the High Command to create a fused general staff for a new

national Army has not yet been resolved or even seriously broached.

Although the British rule out a post-independence role for Lord Soames, they emphasize that Britain has no plans to cut and run. Any request for help of any kind will be considered, notably in such areas as the reorganization of the military, the police, the judiciary, the civil service, technical training, the establishment of an agricultural development bank and the like. So far, Mr Mugabe has not drawn up a detailed shopping list.

British officials appear optimistic that the Mugabe Government will apply for membership of the Commonwealth. If it does so, Britain will back the application.

Meanwhile, "waiting for Mugabe" is the name of the game here, and the rumours continue to flourish. One, to the effect that the entire board of ZRBC, the national broadcasting organization, had resigned was flatly denied by ZRBC tonight. There has been a trickle of resignations from the civil service and the security forces, but a subsequent flood is not anticipated at present.

The confusion about ZRBC may have been prompted by the unusual spectacle last night of a white announcer introducing Mr Mugabe, who was about to address the nation as "Commander President R. G. Mugabe," surely a valiant effort to adapt to changing circumstances.



Tête-à-tête: Mr Peter Walker, the Minister of Agriculture, encountered a French lamb and its owner during a visit to an agricultural show in Paris yesterday. Mr Walker, after two days of fruitless negotiations with his EEC counterparts in Brussels in an attempt to resolve the "lamb war" between Britain and France, told French sheep farmers that the situation could prove disastrous for the Community. Page 6

Steel unions join to prepare fresh compromise peace deal

**By Paul Roudledge
Labour Editor**

A new joint package is being drawn up by unions involved in the national steel strike in a view to reaching a negotiated settlement with the British Steel Corporation.

Two negotiators from each of the five main groups of workers met at TUC headquarters last night to agree the terms of a fresh peace initiative designed to end the strike, now in its tenth week.

The signs are that, having constituted themselves as a TUC-sponsored Iron and Steel coordinating committee covering process workers, blastfurnace men, craft, and general workers, the unions are looking for a compromise deal that will get their 140,000 striking members back to work quickly.

At the same time the TUC is issuing instructions that trade unionists, particularly lorry drivers, should not cross picket lines outside the British Steel Corporation's customers' gates. That somewhat confusing "war and peace" approach is apparently designed to put the unions in as strong a bargaining position as possible in the negotiations that have been in deadlock for many weeks.

Mr William Sims, general secretary of the Iron and Steel Trades Confederation, said last night that the 150 delegates at a joint union conference had endorsed plans to step up the blockade of steel movements, but he added that the new draft settlement to be drawn up by the negotiators would be presented to the corporation "shortly".

Management is waiting until the outcome of the "ballot" among the strikers is known on Monday. Judging by his mailbag, Mr Robert Scholey, the corporation's chief executive, thinks the

result will be in favour of holding a vote on British Steel's "final" 24.4 per cent pay and productivity offer.

The issue of the secret ballot was raised in a letter to Mr Scholey from Mr Sims, who wrote: "Quite naturally we are opposed to a system of ballots since it will only serve to delay a settlement of the dispute and establish a precedent for further occasions—a precedent that will eliminate the democratic decisions of our lay members who are elected to negotiate pay with their employers."

The steelworkers' leader added that the last set of proposals put to the BSC were a "constructive approach."

They indicate clearly our acceptance of locally negotiated productivity deals and that these shall be self-funding, and shall fund a portion of the national award. We have also indicated we accept the need for improved working practices with a closer alignment of process and maintenance activities."

The new document being prepared by the Iron and Steel Coordinating Committee will be an amalgam of a package successfully proposed by the ISTC and the blastfurnacemen two weeks ago and British Steel's "6B" agreement, which has been rejected by all the unions.

But the initiative may break new ground by omitting a pay claim figure. Pushed to name their price for peace, the steelworkers and blastfurnacemen proposed 20 per cent rises spread over 15 months.

Mr Scholey insisted once again yesterday that the corporation could not improve on its last package. "We have made our final offer. We have also said there is plenty left that the trade unions could give BSC to improve its viability."

Three-month revival of imperial rule and then decolonization was enormous, brilliant bluff Britain shows right amount of flag

**From Dan van der Vat
Salisbury, March 5**

The British may no longer have an empire to speak of, but the brief, three-month revival of colonial rule in Southern Rhodesia proves they can still be first-class imperialists. In case of need, and even better, decolonizers.

The interim administration imposed by Lord Soames, the Governor, at the end of December is like a thin sheet of oil-fall smoothed down over the top of a cauldron to stop it boiling over. It worked to such an extent that Lord Soames, who is leader of the Conservative Party in the House of Lords, is now preparing for the peaceful and orderly transfer of power to a Marxist prime minister with all deliberate speed.

To change the metaphor, watching the election campaign, the actual polling and the aftermath up to now has been like an overlong ride on a big dipper. The structure was shaky enough to be capable of sudden collapse at any time, and every now and again, as the roller coaster was flung off, the rumble of the structure survived the fourfold setback and is now being packed away until the next time—Belize.

The repositioning of imperial rule here after more than half a

century without British intervention and the decolonization which began at once has really been an enormous, brilliant bluff.

Whatever course Zimbabwe takes after independence is her affair. If the word independence has any meaning, what has happened here, before it amounts to a fairly desperate gamble by Mrs. Thatcher's Government which, barring an increasingly unlikely last-minute hitch, has paid off.

Lord Soames and his small team of officials arrived here before the ink was dry on a shaky ceasefire agreement breaking off a vicious race war which had cost at least 20,000 lives. The armistice left three undefeated armies: the Rhodesian army, the 16 guerrilla assembly camps and scores of Rhodesian military bases. This week their numbers were reduced to just over 200, now all British.

This handful of soldiers could easily have become hostages in

camps bristling with weapons up to and including field artillery and avash with ammunition in the hands of nervous guerrillas who knew they were most exposed when concentrated.

Instead, the soldiers with the red, white and blue shoulder flashes and the white crosses on their Land-Rovers won the confidence of the bush warriors, played cards and football with them, drank beer and swapped yarns with them, and lived with them without a single noteworthy incident.

It would be difficult to gain what Lord Soames wrote in his letter of thanks to them: "The task which you have been performing is unique in the annals of military and political history. Nobody has ever before attempted what you have now achieved with such notable success."

The monitoring operation, organized by the British and ably supported by Australians, New Zealanders, Fijians and Kenyans, has been a success based on extreme bluff and can do the British Army's image nothing but good.

But the public relations masterstroke of the whole affair

EEC nears recognition of Palestinian rights

**From Michael Horsby
Brussels, March 5**

The EEC is moving towards collective recognition of the right of the Palestinians to self-determination in the growing belief that the autonomy conferred by the Camp David agreements will not produce a lasting settlement of the Middle East conflict acceptable to the Arab world.

The declaration by President Giscard d'Estaing on Monday in Bahrain, calling for the "right of self-determination within the framework of a just and durable peace", was merely the latest straw in the diplomatic wind. It reflects a change in EEC thinking that has been developing over many months.

A communiqué issued on February 10 after a visit to Bahrain by Mr Brian Lenihan, the Irish Foreign Minister, also spoke of self-determination. Reporting later to the Irish Parliament, Mr Lenihan endorsed the Palestinians' right should they wish to exercise it to an independent state.

The Germans and Italians have independently supported the concept of self-determination for some years, while the British officially confirmed this week that Mr Giscard d'Estaing's statement was in line with their own views and those of the Community.

Lord Carrington, the Foreign Secretary, has been working behind the scenes for revision of the United Nations Security Council resolution 242 of 1967, of which Britain was the main author, to embrace the idea of self-determination. This has provoked strong criticism of Lord Carrington in Tel Aviv. Although the British have not yet formally recognized the

Palestinian Liberation Organization, they have made it clear in their September statement to the United Nations that the Palestinian people should have "the right through its representatives to play its full part in the negotiation of a comprehensive settlement."

A declaration issued by the EEC heads of government in London in June 1977 recognized the Palestinians' "need for a homeland" and their right "to give effective expression to their national identity". A revision of this declaration to include the concept of self-determination now seems only a matter of time.

The Nine may want to wait until May 26, the date by which the present Egyptian-Israeli talks on Palestinian autonomy are supposed to have been completed, so as to avoid giving the impression that they are deliberately sabotaging the Camp David accord.

Israeli anger: The Israeli Government's anger and concern at what is seen as growing EEC support for the Palestinian cause will be voiced tomorrow when Mr Menachem Begin, the Israeli Prime Minister, makes a policy statement to the Knesset (Christopher Walker writes from Jerusalem).

British thinking: Recognition of the PLO as the representatives of the Palestinians is not yet British policy, but is certainly an integral part of official thinking (David Spanier writes).

The British view appears to be that in the interests of all concerned, self-determination for the Palestinians is a condition of a lasting settlement, and time has come to say so out loud.

Mr Anderson emerges as a force in Republican presidential race

**From David Cross
Boston, March 5**

The Massachusetts primary has injected a fresh element into the tenuous Republican nomination. Mr John Anderson, a liberal member of the House of Representatives who was virtually unknown outside his home state of Illinois, has surprised even himself by finishing in second place in yesterday's poll only a few hundred votes behind Mr George Bush, the former Director of the CIA.

On the Democratic side, his home state handed Senator Edward Kennedy an impressive victory over President Carter, his first since he entered the campaign. The remarkable showing by Mr Anderson, whose chances of finishing strongly in any primary were never rated highly, has for the moment at least, turned the Republican race into a three-man contest. With 97 per cent of the results in, Mr Bush and Mr Anderson each had 31 per cent of the vote with Mr Ronald Reagan, the former Governor of California, finishing a close third with 29 per cent.

The results in the tiny neighbouring state of Vermont, which also held its primary yesterday, reflected a similar trend. Mr Anderson, with 30 per cent of the vote, ran just behind Mr Reagan with 31 per cent. Mr Bush finished a reasonably strong third with 23 per cent of the total.

At a tumultuous election party for his supporters in a Boston hotel, Mr Anderson said that some people had scoffed at his campaign. "Obviously, I was talking to an entirely different group of people." As chants of "all the way with JBA" split the air, he used the word of one of the state's heroes to explain his near victory. "There is nothing that astonishes men so much as commonsense and plain dealing." His campaign, he said, was first and foremost one of ideas and "now we are going to carry that same new message across the country."

Mr Anderson has, however, not mounted a campaign effort for the next four primaries which will take place in the South this week and next. Nevertheless, his campaign staff said today that their candidate would challenge at least 20 primaries, including

Illinois, which is generally regarded as the next key test for him.

Mr Bush, who expects to fare well in the South against Mr Reagan, made the most of his narrow first place finish in Massachusetts. He told a television interviewer in a South Carolina that he had "turned things around after taking one on the chin" in last week's New Hampshire primary where he fared very badly against Mr Reagan. Mr Bush, failed, predictably, to mention the fact that he had once expected to win this state handsomely.

As expected, many of those voters who might once have supported Mr Bush appeared to have shifted to Mr Anderson's camp yesterday. There was also an unusually high turnout of independent voters, a majority of whom cast their votes for the Illinois Member of Congress. Cross-voting is not allowed in most primaries and this bodes ill for the future of Mr Anderson's campaign.

He did particularly well among independents in the Liberal suburbs to the west of Boston. Most of Mr Bush's support came from the northern and central parts of the state.



Cuts force BBC to drop live cover of Derby

The BBC will not be covering this year's Derby on June 4 because of spending cuts, Mr Bill Cotton, Controller of BBC 1, announced yesterday.

This self-denial will save the BBC £60,000, its share of the television rights to the race, plus the cost of putting a crew into Epsom for the one race that day, ITV having the rights to the remainder of the card. Mr Cotton said: "In the present financial climate we feel bound to cut this particular event."

Last year's Derby, the 200th, was watched by 5.5 million on BBC, although average audiences for previous races have been between two and three million. The BBC dropped live Derby television broadcasts in 1975 and 1976 for economy reasons, and in 1973 because it clashed with World Cup events. By Nicholas Timmins

Motorists may be hardest hit in Budget

Motorists are likely to be harder hit in the Chancellor's Budget than smokers or drinkers, if the Chancellor decides to raise indirect taxes. Increasing petrol and car taxes would produce more money, yet minimize the inflationary impact. Increasing petrol taxes in line with inflation would raise £420m, but only push up the retail price index by 0.3 points. A similar increase in tobacco tax would raise £230m but increase the RPI by 0.4 points. Page 23

Prior warning

A warning that he would resign if overrudden by Cabinet banks on his approach to trade union reform was given by Mr James Prior, Secretary of State for Employment, in the Commons. He was speaking in the context of the treatment given to Mr Eric Varley, former Labour minister over Chrysler. Page 2

Espionage fear

A Tory MP has called for a government review of East-West trade inspectors temporarily living in Britain. He fears they may be used for espionage and that for the Soviet Union it could be a way of replacing diplomats expelled in 1971 for spying. Page 4

Catholic tensions

An outbreak of controversy is expected in May at a congress in Liverpool of the Roman Catholic community in England. A survey disclosed sharp tension over divorce and contraception, where officials teaching and attitudes are at odds with the feelings of many Catholics. Page 5

Commuter services investigation

An inquiry into London's commuter services will focus on Rail's efficiency, the terms of reference, published yesterday, show. It will be conducted by the Monopolies and Mergers Commission under the Competition Bill, which is expected to become law this month. The Minister of Transport said that the quality of services had declined. Page 5

Council staffs intact

Most councils in England and Wales have made spending cuts in accordance with the Government's guidelines, but have failed to reduce their staffs by an equivalent amount, according to a survey made by the Conservative Central Office. The result in many cases has been severe cuts in services. Page 6

Countryman forecast

Up to 25 police officers could be prosecuted as a result of the Operation Countryman inquiry into allegations of police corruption in London. Mr Arthur Hambroton, former Chief Constable of Dorset and an adviser to the inquiry, said: "Those under investigation went up to... a very high rank." Page 2

Alberta: Five-page Special Report on the growth of one of Canada's western provinces. Page 19-23

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Mr Scargill called before MPs

Mr Arthur Scargill, president of the Yorkshire area of the National Union of Mineworkers, is being called before a select committee of the House of Commons on April 2 to give his views on the employment Bill and picketing, particularly a suggestion that it may occasionally be necessary for them to defy the law. Page 2

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Cricket: New Zealand win acrimonious series against West Indies; Football: Gray in danger of missing League Cup final; Rugby Union: Scotland's injury problems
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Stock Markets: City railroads on hopes that interest rates would be held down. Equities showed some improvement. The FT Index rose 4.3 to 450.4.

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HOME NEWS

Up to 25 London police officers may be prosecuted, adviser to Countryman inquiry says

By Craig Seton

Between 20 and 25 police officers could be prosecuted as a result of the Operation Countryman inquiry into allegations of police corruption in London, Mr Arthur Hambleton, who retired as Chief Constable of Dorset last week, said yesterday.

Mr Hambleton, who was effectively an adviser to the Countryman operation, said on BBC radio that criticism had made allegations against about 80 officers. Those under investigation did not go up to assistant commissioner level, but did go up to "a very high rank".

He had been staggered to see how many policemen had been the subject of complaints and thought that when the inquiry ended the public was going to think it had been a disgusting business.

The number of officers who would have to account for their actions "depends on whether the evidence comes up to scratch". Some of the officers investigated had been cleared, some allegations had little foundation and in other cases there had been evidence to support charges.

Mr Hambleton, whose assistant chief constable in Dorset, Mr Lenhard Burt, was until recently the head of Operation Countryman, spoke of the difficulties the investigation and enforcement and said that he was not happy with its progress.

"It is true to say that on occasions some of the middle ranks and lower ranks have not been very helpful", he said. They had not told the inquiry things about which they had been asked and they had not produced documents when they were requested, but none of these difficulties had lasted.

The inquiry had received very good cooperation from Sir David McNee, Metropolitan Police Commissioner.

When a senior officer "had not given us the cooperation we could have expected", Sir David had moved him.

He believed that there was an understandable element of self-protection among officers, Mr Hambleton said of the

role of the office of the Director of Public Prosecutions: "To say they have interfered is too strong a word. Certainly they have made suggestions about what Countryman should do and detectives do not like that."

Some criminals had refused to speak to the Countryman team, which now numbers 80 officers from forces outside London, for fear of reprisals.

"Anyone who speaks to Countryman with information will not be got at or 'fitted up'", he believed it would complete its task, two questions would need to be answered.

Had it succeeded in eliminating police corruption, and what would stop it happening again?

It was announced last month that Mr Burt, who had headed Countryman since it was started about 18 months ago, would return temporarily to his own force in Dorset to take over the position of the deputy chief constable, who has been seconded.

TV urged to do more for children

By Our Arts Reporter

Television had accepted its educational role in school for it needed urgently to think again about its role in the home in relation to children and adolescents, Lady Plowden, chairman of the Independent Broadcasting Authority, told a conference in London yesterday.

She also asked whether the picture of youth given on television gave young people credit for dignity and sense.

The conference on television and the family is being placed this week under the auspices of the University of London Department of Extra-Mural Studies and the United Kingdom Association for the International Year of the Child.

Lady Plowden said television needed to do more for the 12 to 14-year-olds and she thought it was doing a disservice both to itself and to parents.

The nonsense of Kenny Everett and Tinseltown was "just the ice-cream that melts and vanishes".

The emphasis in the educational world was on breaking down the barriers between school and home and the drawing together should be echoed in broadcasting to children and young people.

Rural garages treated unfairly, MP claims

By Our Political Correspondent

Some petrol companies were putting up their price for petrol sold at rural filling stations and forcing them to unfair competition, Mr Peter Mills, Conservative MP for Devon, West, said last night.

Mr Mills said that the had written to Mrs. Sally Oppenheim, Minister of State for Consumer Affairs, telling her of reports that petrol companies, Shell and Esso, had been putting up the price of petrol to independent petrol stations, but not to their own stations.

"I have asked for a full inquiry into this policy. While I agree with the need for private enterprise and freedom of competition, it is a different matter when there is a near-monopoly situation", Mr Mills said.

He had also told Mrs Oppenheim that pressure was being brought to bear on independent petrol station proprietors, who in many cases had been buying petrol from the same company for many years, to the effect that they would have to buy oil, tyres and accessories to be sure of petrol supplies.

"I have been informed that some companies have told the independent garages that they

would not supply petrol unless what they call 'the drop' is big enough. In other words, they must take a large quantity otherwise they will not get supplies."

"There is a system of payment in advance and with the price of petrol what it is many of these small operators do not have the cash to buy large quantities in advance."

Mr Mills said that "squeezing" of the village garages as another pressure being brought to bear on rural communities to make life difficult.

"I am constantly campaigning on the preservation of the five 'P's' in our rural communities: the post office, the parish, the pub, the primary school and the petrol station", he said.

"Unless we can preserve these amenities, life in our villages is going to be so difficult that whole communities will die."

Wellington borough council, Northamptonshire, has voted by 16 to 12 to support legalized brothels, after a request from residents in Southampton to back their lead for official brothels.

Mr Gorst suggested last night that ministers had not satisfactorily clarified for example, whether an active conservative "might be entitled to withdraw from a closed shop negotiated by a socialist trade union, on the grounds of deeply held political conviction".

The committee does not expect Mr Scargill to pass up the chance of a public platform afforded by an appearance before it, but it has already made clear its readiness to use powers to compel witnesses to appear if necessary.

Mr Golding said last night that in the case of invited witnesses holding public office, the committee had decided not to accept a refusal. It had not yet determined its stance in the case of an individual not holding public office.

MPs call in Mr Scargill for views on picketing

By Donald MacIntyre

Mr Arthur Scargill, president of the Yorkshire area of the National Union of Mineworkers, is to be called before a House of Commons select committee to explain his attitude to picketing and the Employment Bill.

The employment committee, which has also asked the Attorney General to appear before it to clarify a series of points arising from the Bill, yesterday decided to take the unusual step of calling on Mr Scargill to appear in the House on April 2, the same day that the Bill will be presenting evidence.

The MPs are likely to question Mr Scargill about suggestions attributed to him since the steel strike began, that it may on occasion be necessary for pickets to use force.

Mr John Golding, Labour MP for Newcastle-under-Lyme and chairman of the committee, said last night that Mr Scargill was being invited so that he could give evidence "on the second night of the steelworkers' picketing" and his attitude to mass picketing in the light of curbs proposed in the Bill.

A senior Conservative member of the committee, Mr John Gorst, MP for Barnet, Hendon and Wood Green, said that he was principally concerned with the question of Mr Scargill's political conviction. MPs did however want to know what the response to the Yorkshire miners' leader and those whom he leads would be to "any changes in the law which are proposed and whether it would be adhered to or rejected".

He added: "What we want to look at, if you like, is the acceptable and the unacceptable face of trade unionism."

The committee is seeking from Sir Michael Havers, Attorney General, clarification of the extent to which the police will be called upon to enforce proposed changes in picketing law outlined in the Bill.

The evidence last month by chief constables and Sir David McNee, Metropolitan Police Commissioner, have left MPs in some confusion about what the police's role is intended to be.

In addition, the MPs want Sir Michael to explain what kind of grounds for outing out of a closed shop will be allowed to fall within the category of "deeply held personal conviction" under the Bill's provisions.

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Steel users keep up show of confidence

By Our Industrial Staff

Short-time working and layoffs in manufacturing industry are becoming more widespread as the steel strike moves towards its eleventh week, but industry remains outwardly confident that overall levels of production can be maintained, certainly to the end of this month and in many cases beyond.

But employers' will face real difficulties if, as some union officials believe, the strike continues for another eight to 12 weeks, and the impact on the British Steel Corporation's own business will be massive.

The latest survey conducted by the Confederation of British Industry suggests that many is running at about 5 per cent below expected levels due both to the effects of the strike and the reduced level of demand from industry's customers.

Existing stocks are reckoned to be sufficient to maintain production for at least four weeks on average, although shortages have developed in particular grades and products. Imports are continuing to flow in from Belgium—and the BSC is particularly concerned as imports being shipped from steelmakers in Brazil and South Korea—although the corporation claims that industry generally supports the second night of the steelworkers' picket line.

The corporation's main concern is the number of its customers who are switching to foreign suppliers and being tied to long-term contracts. It now expects that at least 20 per cent of the United Kingdom market will be taken up by imported steel once the strike is resolved, with consequences for the balance of payments.

Last night Mr Gordon Samuels, BSC's commercial managing director, said that the corporation's survival was at stake.

In the Midlands, badly hit by the British Leyland layoffs, the Department of Employment's local office estimated that 3,000 workers were laid off and a further 6,000 in the

region were on short-time working because of the strike. The office said that it was possible that many more would have been affected but so far no formal notification had been given.

However, confirmation that steel imports are continuing to flow into the United Kingdom was given by one large Black Country steel stockholder.

"There is a great deal of steel coming in and moving about in all sorts of guises. Some of it is coming in in closed containers, in lorries filled with vegetables, and in fishing boats. It is quite amazing the ingenuity being shown by ship-owners and shipping agents", the company said.

The main worry is that the Transport and General Workers' Union may instruct lorry drivers to refuse to handle all steel.

In Wales, more than 5,600 workers have applied for temporary security benefits. That figure alone includes the 38,000 workers employed by BSC's Welsh division.

The hardest hit have been the members of the regional Road Haulage Association and yesterday, Mr Peter Webb, regional secretary of the RHA, estimated that 1,000 out of 2,800 lorries had not turned a wheel since the strike began on January 2.

Between 5 and 10 per cent of companies affiliated to the Engineering Employers' Federation in Wales have laid off workers because of the strike and among the hardest hit is the Metal Box plant at Neath, which has laid off 1,000 workers.

Mr Webb, however, said that the level of redundancies will rise sharply.

Ingenuity and alternative sources for steel appear to have soothed much of Scottish industry in the past, but the regional CBI estimates that stocks are sufficient overall to

maintain production for at least another four or five weeks.

The Offshore Supplies Office is closely monitoring the effects on yards building structures for the offshore industry. Most of the yards managed to buy in steel before the strike began and since all have private access to the sea, foreign supplies can be brought in without difficulty.

A number of workers employed by sub-contracting companies at Scottish steelworks have been laid off but there is no positive sign that unemployment is likely to rise in the immediate future.

Mr Michael Mallett, chairman of the Yorkshire and Humberside regional council of the CBI, said that by and large the only people who had to reduce their level of production were those directly concerned with triplite, those who made metal boxes or used cans for food.

Everybody appeared to be looking after their mainstream requirements.

Mr Nicholas Kemp, of the Engineering Employers' Association at Sheffield, said the effects of the steel strike were "fairly minimal" though the situation could change rapidly.

Mr Ronald Taylor, of the Yorkshire and Humberside Association of Chambers of Commerce and Industry, said a survey revealed that nine companies would have to close down production in March because of steel shortages and the effects of the steel strike were "fairly minimal" though the situation could change rapidly.

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BSC soundings show many workers keen to go back

From Ronald Kershaw

British Steel Corporation directors said last night that in the North-east, the heart of the steel industry, the steelworkers' picket line had gone out of the steel strike. Letters, telephone calls and personal interviews led one director, Mr Dennis Murray, to observe: "Without doubt they are pig sick of the strike and want to get back to work."

Mr John Pennington, managing director of BSC Yorkshire and Humberside, said there were 22,000 employees in South Yorkshire and another 16,000 at Scunthorpe who wanted to see the end of the strike, which has ended its ten-day, manual

Since it started, manual workers had each lost about £1,300 in pay by not staying within the agreed pay procedure. The corporation was prepared to restore lost holidays in its settlement, and that would mean an additional 1 per cent on the BSC offer.

Mr Murray said management and middle management frequently met steel workers in clubs, pubs and the BSC canteen, and all had the impression that the common wish was for the strike to end.

BSC had sent out a leaflet explaining the forthcoming ballot and many leaflets as well as ballot forms and pamphlets had reached headquarters saying: "We want to get to work. Why

is there this delay?" he said. Stories had been coming in of lost savings, building society payments and cancelled holidays.

Mr Pennington pointed out that the steelworkers in the south of England, who have never wanted the strike, but simply followed union instructions. They had agreed to the strike only because they were told it was going to be a short, sharp

Mr Stanley Sheridan, spokesman for the south Yorkshire strike committee of the Iron and Steel Trades Confederation, dismissed the suggestion that the will had gone out of the strike. He said: "We are still 100 per cent solid. This kind of state-

ment by BSC is typical propaganda."

Mr Sheridan said the £1,300 lost earnings quoted by BSC implied losses of £130 a week. Nearer the mark would be £70 to £80 a week.

The ISTC last watched with interest the decision by BSC to the police and the South Yorkshire County Council - for damages arising from picketing on February 4 outside the steelworks.

Mr Sheridan said he will act on behalf of the police. We will give evidence showing exactly why Hatfield stopped work on at that day. We are quite willing to support the police and the county council", Mr Sheridan added.

Prior warning to Cabinet hawks

By Hugh Noyes

Parliamentary Correspondent, Westminster

Mr James Prior, Secretary of State for Employment, gave a warning in the Commons yesterday to the hawks in the Cabinet that he would resign if on his "softly, softly" approach to trade union reform.

Speaking in the context of the treatment given by the Labour Cabinet to Mr Eric Varley, then Secretary of State for Industry, over Chrysler, Mr Prior told the House: "If I get over-riden in the same way, I will resign, but it has not happened to me yet."

The Secretary of State gave his warning at the start of a debate on unemployment and training opportunities. The in-house question that must have puzzled many MPs last night was whether Mr Prior's resignation threat was a premeditated warning to those in the

Cabinet who want tougher immediate action against the unions to curb pickets or whether it was a spur-of-the-moment reaction to some rough treatment from the Labour Party.

It is known that senior ministers not entirely enamoured of Mr Prior's approach to the unions include Mrs Margaret Thatcher, Sir Geoffrey Howe, QC, Chancellor of the Exchequer, and Sir Keith Joseph, Secretary of State for Industry.

Just before Mr Prior began his speech he was subjected to a considerable mockery by Mr Varley, now Opposition spokesman on employment. Everyone knew, he said, that Mr Prior had spoken up in the Cabinet against many of the Government's acts of industrial

But he went on, the man who was over-riden in Cabinet by Mr Harold Lever (now Lord Lever) when he wanted to get rid of Chrysler.

Parliamentary report, page 9

Rail chief urges decision on Channel Tunnel

By Our Transport Correspondent

An early decision on the Channel Tunnel was urged yesterday by Sir Peter Parker, chairman of British Rail, addressing the Commons special committee on transport.

The single tube, rail-only tunnel proposed by British and French railways, he said, would not rip up Kent like the last project, nor would it take so large a market share as so seriously hit other modes. The important thing was to act now, rather than to wait for something better.

Such a tunnel would be used by British trains only, Mr Robert Barron, BR board member, told the committee. The entire system was too small to take continental rolling stock and it would cost about £100m to enlarge the London-Kent coast section alone to handle continental stock.

Mr Parker said that the Channel Tunnel was a project of great importance to the country and that it was essential that a decision be made as soon as possible.

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DISCOVER THE UNEXPECTED AT AUSTIN REED



Imported Office Equipment

	1979
Hand held Calculators	72%
Ballpoint pens	60%
Typewriters	71%

Imported Household Goods

	1979
Toys/Games	51%
Heated Rollers	99%
Hairdryers	78%
Mirrors	60%
Clocks	61%
Furniture	22%
Carpets	16%
Vacuum Cleaners	31%

Imported Kitchen Equipment

	1979
Dry Irons	45%
Domestic Glassware	66%
Cutlery	70%
Saucepans/Frying Pans	36%
Kitchen Knives	40%
Toasters	61%
Electric Cookers	21%
Hand held Mixers	58%

Imported White Goods

	1979
Dishwashers	99%
Fridge Freezers	68%
Automatic Washing Machines	44%
Refrigerators	32%
Spin Dryers	28%

Imported Clothing/Accessories

	1979
Footwear	34%
Luggage (leather)	57%
Handbags (leather)	72%
Mens/Boys Tailored Outerwear	33%
Womens/Girls Outerwear	28%
Mens Shirts/Overalls	38%

Imported Leisure Equipment

	1979
Sports Equipment	74%
Bicycles	30%

Imported Audio Visual

	1979
Television B & W	50%
Television Colour	27%
Portable Televisions	53%
Record Players/Decks	51%
Portable Radios	96%
Music Centres	66%

Imported Vehicles

	1979
Cars	56%
Commercial Vehicles	23%

Import Trends

	1970	1979
Agricultural Machinery	22%	44%
Machine Tools	28%	48%
Construction Equipment	40%	71%
Mechanical Engineering	19%	32%
Textiles	14%	33%

BUY NOW, PAY LATER.

But something's gone outside Britain and we pay for it. One of the main reasons for the unemployment we're having to create. Each time we choose a foreign made product rather than one made at home, we drive another nail in Britain's industrial coffin. So why do we buy so many foreign made goods? It's true that there is sometimes no real choice. While industries that once flourished in Britain no longer exist. And the trend for many other industries is looking increasingly unhealthy. Things wouldn't be quite so bad if we were able to turn our way out of trouble. But our

exports are only growing at one tenth of the rate of our imports. Right now it must be sensible for us to stop trying to pin the blame on each other. And start trying to put things right instead. We could all make a start by buying British whenever possible. This doesn't mean that we should choose British goods out of blind patriotism. But that we should never ignore a British made product in the mistaken belief that it cannot be as good as a foreign one. Foreigners find our defeatist attitude amusing. And extremely profitable. They instinctively support their own industries by choosing home-produced goods.

Which is almost certainly why the problem is unique to Britain. One industry at risk right now is the motor industry. An industry whose importance to Britain cannot be overestimated. It brings employment to millions of workers. It trains most of our engineers. Indeed it is our biggest single manufacturing industry. BL is the only British owned volume car maker. The other large manufacturers can, and do, switch car production away from Britain. Not so BL. Which is why it's so important for BL to succeed. And remain British owned. Of course BL would have a tremendous amount to gain from a shift in attitude towards

the British buying British. But the problem doesn't just belong to the motor industry. It affects us all. And it's striking deeper and deeper every day. Not too long ago, our standard of living was the highest in the world. Now we're not even in the top twenty. The climb back will not be easy. But we can all begin today by taking a fresh look at British manufactured goods. Next time you're looking to buy anything, but especially a motor car, see how the British product stacks up first. If then you find it doesn't suit you, we'll be surprised. But we'll have no complaints.

HOME NEWS

BR commuter services inquiry will focus on efficiency

By Michael Bailey

Transport Correspondent

Details of the inquiry into London's deteriorating rail commuter services to be conducted by the Monopolies and Mergers Commission this summer, were announced yesterday.

It will be carried out under the Competition Bill, which is expected to receive Royal Assent later this month and should be published in the summer.

Although British Rail, which welcomed the inquiry last night, is hoping that it will lead to increased government support to improve the quality of the service, the terms of reference are focused on BR efficiency, and particularly the use of productivity and restrictive practices.

Mr Norman Fowler, Minister of Transport, said: "There is no doubt that the quality of commuter services in London and the South-east has declined over the last few years. Commuters have faced rising fares, but less reliable and less punctual services. The essential question is, does it have to be like that?"

Mr Fowler said the inquiry, the first under the Government's new powers to examine the efficiency and productivity of nationalized industries, is an important step in identifying measures needed to obtain better value for money.

The commission will examine the extent to which any decline in the quality of commuter services is due to inefficiency, scope for improvements in efficiency and management in efficiency and management.

Mr Fowler said the inquiry will be carried out by a committee of experts, including representatives of the rail industry, the public and the Government.

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NGA to meet employers today on pay claim

By Our Labour Staff

Talks will take place today in the hope of averting possible industrial action in provincial newspapers and the general printing industry.

Union negotiators will be seeking substantial improvements to a 14.6 per cent pay offer in response to a claim by the National Graphical Association for 28 per cent.

The NGA, which threatened to boycott today's talks, will, however, be going to the meeting with the Newspaper Society and the British Printing Industries Federation.

Most print unions have told the Newspaper Publishers' Association, the employers' organization for national papers, that their members have accepted a 14 per cent offer made up of 13 per cent from January 1, and 1 per cent from July 1.

Negotiations are expected to take place at local offices for further increases in return for improvements in productivity.

Of the three biggest unions in the industry, the members of the NGA accepted the offer by a three-to-one majority; and the National Society of Printers, Graphical and Media Personnel has announced decisive acceptance, despite an executive recommendation to reject the offer.

The Society of Graphical and Allied Trades has not announced the results of its ballot on the offer, but that is believed to favour acceptance.

Tension is disclosed as Roman Catholics in England launch a frank inquiry

Clash on divorce and contraception likely at congress

By Clifford Longley

Religious Affairs Correspondent

The Roman Catholic community in England has launched itself into a self-examination of extraordinary frankness, leading up to a national assembly in Liverpool in May. It will be the first democratic and representative meeting of its kind.

The first glimpse of the character of this National Pastoral Congress came yesterday with the publication of summaries of grassroots feeling on a range of issues.

One of the key sections draws attention sharply to tension over divorce and contraception, where official practice and teaching are at odds with the attitudes of many Roman Catholics.

In all other matters there is far greater alignment between the official position and ordinary attitudes, and the scene seems to be set for an outbreak of controversy.

The official summary of surveys prepared by every Roman Catholic diocese in England and Wales reports a "general request" to "reconsider the implications" of the opposition to artificial birth control reasserted in the papal encyclical *Humanae Vitae* 12 years ago.

"Most reports reflect the forbidding of contraception; they find it unacceptable," the summary says. While there was also some demand for a reaffirmation of the teaching of *Humanae Vitae*, there was almost universal dissatisfaction with the present impasse.

"Many Catholics have a crisis of conscience about contraception," it states. "It is fairly widely practised; scrupulous people leave the sacraments because of it; other people sort out their own attitudes, remain at the sacraments, but feel ill at ease."

"The lack of pastoral guidance is keenly felt. It is frequently remarked that priests are unwilling or unable to discuss the issue, so that individuals are left to their own guidance without help. The church seems to some to be not a caring mother but a hard taskmaster, in this matter."

Almost every diocese submitted a survey of opinion which called for a re-examination of policy towards the divorced, many asking that they be admitted to the sacraments. One report commented: "The church forgives anything, even murder; but not remarriage."

These contentious matters aside, the general level of comments on active issues depicts the Roman Catholic Church in England as strongly motivated and cohesive, but also constructively critical about almost every aspect of its life.

Priests are frequently taken to task for the inadequacy of their preaching and their resistance to lay participation; there is a general demand for a better quality of leadership, for

a stronger sense of community (parishes and dioceses are thought by some to be far too large) and for the means towards a heightened sense of commitment to Christianity. Many appear to feel insufficiently challenged and tested.

Family life is one of the primary focal points of concern, and it crops up under such headings as social justice and education as well as in the section of the official summary reserved for it.

There is, on the other hand, a vagueness behind the often-declared commitment to justice and to evangelization, and the latter provokes a comment from the authors of the document that it is still predominantly seen in terms of "conversion" rather than "liberation from everything that oppresses man", as it was described in the latest official teaching on the subject.

The National Pastoral Congress will be attended by some 2,000 delegates, some chosen on the basis of one for each thousand members of the Catholic community and some representing special interests.

That group includes Catholics in the armed forces, and there is an incipient conflict apparent from the summaries on the use of military force. The moral aspects of nuclear weapons were raised by many of the surveys, and there was a clear dislike of international arms trading.

On some political matters, however, Catholic opinion appears confused; and there was a considerable void in the surveys about employment and industry, which appear to raise no moral or spiritual issues for Catholics in general.

The congress is to be marked by a national peal of bells and simultaneous services in all Roman Catholic churches in England at the time of its opening.

Prestel offers guidance to complainants

By Kenneth Owen

Mills & Allen Communications, the company which earlier this week withdrew its "Buyer's guide to diary books" pages from the Post Office's Prestel viewdata service after complaints and a police raid on one of the Soho bookshops recommended in the guide, has provided a new set of Prestel pages which explain: "How to complain about a Prestel page."

First, get in touch with the information provider (IP), the company advises (Mills & Allen was the IP in the case of the buyer's guide). If you do not get a satisfactory response, get in touch with the Association of Viewdata Information Providers (AVIP).

If the offending IP is a member of AVIP, the association's complaints committee will deal with the matter. If a non-member, the complaint will be referred to the Post Office.

Another page outlines what you can complain about. If you find a page grossly offensive, for example, the IP "will either remove it himself or refer you to AVIP."

Rocket fuel waste disposal halted for blast inquiry

Disposal of rocket fuel waste at the Government's top-secret research plant near Kidderminster has been halted while experts continue their investigation into the explosion which killed two men.

Until now, burning off the waste in a special section of the 200-acre complex has been regarded as safe. The deaths on Tuesday were the first at the factory which has been run by Imperial Metal Industries for the Ministry of Defence since it opened in 1951.

IMI said the company would pay compensation to residents at Somerton, Worcestershire, whose homes were damaged by the explosion. Tiles were ripped off and windows shattered. Three people were taken to hospital with minor injuries.

Belvoir plan 'gamble with countryside'

Mining in the Vale of Belvoir would damage the environment for ever, and if tipping were allowed as well it would amount to "gambling with the Leicestershire countryside," Mr Christopher Symons, counsel for the Countryside Commission, said yesterday.

If mining were permitted, the vale and the surrounding areas would be dramatically changed for the worse, he told a public inquiry into the Countryside Commission's mining plans for the Vale of Belvoir on the borders of Nottinghamshire, Leicestershire and Lincolnshire.

If permission were refused, the coal would still be there should the need ever be sufficient to justify the damage which would be caused, Mr Symons said.

The impact on the environment would be lessened by transferring spoil to the derelict clay pits in Marston Vale, Bedfordshire. Tipping there would be expensive, but it would represent only about 5 per cent of the total cost of mining the coal.

A six-point plan was put forward by Mr Frank Wainman, a Countryside Commission official. One point, he said, was that the Coal Board should produce a 75-year tipping scheme acceptable to the planning authorities.

The others were: the appointment of a civil engineer to supervise tipping; the appointment of a restoration manager; the setting up of working parties to deal with main environmental issues; countryside management to lessen the effect of mining and tipping, which would include tree planting and other landscaping work; the setting up of an independent landscape agency to "coordinate all countryside management."

The inquiry is being held at Stoke Rochford Hall, near Grantham, Lincolnshire.

Aim to free docks board from State

The Government intends to "denationalize" the successful British Transport Docks Board, Mr Norman Fowler, Minister of Transport, said yesterday in a written Commons answer.

The board runs a quarter of the country's ports, including Southampton, Hull and South Wales, and has raised profits steadily in recent years, from £1.7m after tax and charges in 1973 to £7m in 1978.

Mr Fowler said he had invited Sir Humphrey Browne, docks board chairman, to consult and report on ways of introducing private capital into the undertaking, which would not be broken up.

It was intended not principally as a money-raising exercise, he said later, but to give the board greater commercial freedom and flexibility to build on its past success. The Government wanted to reduce the public sector wherever possible, as proposed with the National Freight Corporation and British Rail subsidiaries.

At present the docks board was subject, like other state undertakings in time of financial stringency, to government cash limits which might inhibit its freedom to take advantage of market opportunities.

Sir Humphrey said last night he would prefer not to comment on the proposal until he had consulted the unions, but he was very pleased the Government did not want to break up the undertaking. A fair estimate of the board's recent financial performance, he suggested, was for pre-tax profits up from £2m in 1973 to £23m in 1978, after reducing additional depreciation.

Legislation to set up the board as a company and replace its £33m government debt with a mixture of equity and fixed-interest capital was envisaged towards the end of this year, Mr Fowler said.

Call to close loopholes in trade description law

By Robin Young

Consumer Affairs Correspondent

A call to tighten the Trade Description Act is made in the March issue of *Which?*, published today by the Consumers' Association.

An article in the magazine describes loopholes in the Act, particularly in the rules about descriptions of services. It points out, for example, that it is not an offence for a package tour operator to feature an hotel swimming pool in the brochure even if it is unusable or does not exist when holidaymakers arrive.

Where goods are concerned, traders have to check all their statements before making them, and could be convicted for making a misleading statement which they sincerely believed to be true, with services the trader who makes a false statement commits no offence if he can show that he had reason to believe his statement was true.

Which? is also concerned that house descriptions in estate agents' advertisements are not covered by the Act.

At present, the magazine says, it would be no offence to describe a farmhouse as being in tranquil countryside if it was situated between a sewage farm and an airport. Legislation, the Consumers' Association says, would save house hunters many wasted journeys.

Municipal mix-up leaves widow with empty home

From Our Correspondent

Portsmouth

Mrs Kerry Woodcock, aged 74, moved out of her flat for council staff to mend a water leak. When she went back to her home in Arundel Street, Portsmouth, everything had gone.

Council workers had thrown away her clothes, furniture, personal things and even food from her larder by mistake more than a week before.

A relative said: "She is distraught. She has lost all the memories of bringing up a family. Her grand-daughter is getting married next week and the present she had got them has gone as well."

Council officials have promised Mrs Woodcock a new home, furniture and money to cover

immediate expenses while solicitors sort out compensation.

Mr Ray Kirby, Portsmouth City Council housing director, said: "We are very concerned. It is very much regretted. We can fully understand Mrs Woodcock's feelings."

It is thought repair men in the city council's department were given the wrong set of keys and went to Mrs Woodcock's flat by mistake.

A washing machine only 18 months old was thrown away as well as a gold watch that was a present from her late husband.

Mrs Woodcock's son-in-law said: "The council accepts full responsibility. I think it is one of those things. She wouldn't want to go back there now."

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HOME NEWS

Councils keep down spending by cutting services while leaving bureaucracies intact

By Christopher Warman
Local Government Correspondent

Most councils in England and Wales have made spending cuts this year in accordance with the Government's guidelines, but they have failed to reduce their staffs by an equivalent amount, a survey by the Conservative Central Office has disclosed.

The result in many cases is that councils have made severe cuts in services while keeping their bureaucracies intact, Sir Frank Marshall, a Conservative party vice-chairman, believes.

There are some notable exceptions, largely among Conservative-controlled authorities. Labour authorities have been reluctant to make any cuts in services or to reduce their staffs.

The survey was set up by Sir Frank, who was concerned by what appeared to be the Government's hostility towards local government as evidenced by its proposals for further control of local expenditure.

The first findings, reported in *The Times* on January 14,

showed a broad picture of determined, particularly by Conservative authorities, to reduce spending by the 3 per cent called for by Mr Michael Heseltine, Secretary of State for the Environment.

A more detailed view has emerged from the returns of about three-fifths of the 456 authorities, of which most came from Conservative-controlled councils.

Only three Conservative councils—Wyre (Lancashire), Barrogate (North Yorkshire) and Wokingham (Berkshire)—admit to having made no reductions in spending, although Wyre has trimmed its staff by 12.

Many of the Labour councils included in the survey have refused to make cuts this year, but have increased their expenditure. Langbaurgh (Cleveland) has increased its spending by 8 per cent and Crawley (West Sussex) by 5.7 per cent.

County councils in general have kept fairly close to the 3 per cent target of cuts, but many districts have made spectacular savings. Alnwick

(Northumberland) has reduced spending by 13.3 per cent (£110,000) although its staff has been reduced by only four. Derby, Labour-controlled, has made cuts of 8.6 per cent (£472,000) and 58 staff.

Conservative Barnet in Greater London reported 1.5 per cent staff cuts and North Yorkshire, which has made a 5 per cent cut worth £7.7m, has also kept its staff intact. Derbyshire has achieved cuts of 2.4 per cent (£5.6m), but has increased its staff by 301.

Scope for staff reductions appears to have been greater in county councils than in district councils. Nottinghamshire has made cuts of 1.5 per cent (£3.2m) and Essex of 3.5 per cent (£15m) and 913 staff, and Kent of 4 per cent (£12.1m) and 500 staff.

Overall the figures for staff reductions are unlikely to satisfy Mr Heseltine, who regards them as the key to savings. The expedient of filling every four vacancies with three staff in his view would enable local authorities to reach their targets.

‘Deplorable’ use of photograph

The acceptance by a newspaper company of a photograph of a school child and then using one to illustrate a court case involving a former pupil was deplorable yesterday by the Press Council.

The *Courier and Advertiser* carried a six-column headline at the top of its leader page over a short-shrift court report with a picture of “Laura Hutchison” in school uniform. The report gave her full name and address and said that she had been another teenage girl who had been in custody after admitting stealing drugs.

Two complaints were made by her father, Mr John Hutchison, formerly of Modifield Road, Broughty Ferry, Tayside, and now living in Saudi Arabia. He told the Press Council that the picture had embarrassed his younger daughter at the same school. Later, writing from Saudi Arabia, he said that he was a department head at a school near by until the adverse publicity caused him to seek employment elsewhere.

The press reports caused his wife suffering and the long-term effect on his daughter was incalculable.

Mr Iain Stewart, the editor, told the council that local social agencies and councillors had asked for publicity to reduce the drugs menace.

The report did not tell the whole story. A fortnight later the girl's solicitor told the court that she had gone her own way to her parents' dissatisfaction and the sheriff placed her on two years' probation.

The Press Council's adjudication was: “The Press Council is not able to rule that newspapers should not use photographs from their files and this complaint, therefore, is not upheld. The council considers it deplorable that in this case a company, having accepted the privilege of being able to go into a school and take photographs, should later use one to illustrate a news story of this nature.”

The Press Council rejects the complaint against the *Courier and Advertiser* that the prominence given to the report and photograph was out of all proportion to the offence.



Ditcham Manor, Shepton Mallet

Your large house can save you outlay if adapted to serve needs like this

Whether your house is a country manor or a suburban home that is now larger than you need, a remarkable plan enables you to have it adapted to provide you with a comfortable flat, with the excess space similarly used for other retired people. (Ditcham Manor above now has four such flats.)

No outlay costs fall on you, nor will you or your spouse be required to pay any rates or maintenance costs for the rest of your life.

If your home is now too large, but you would like to cut the steeply rising cost of rates, maintenance and heating, then consider the plan that makes this possible—without your moving from a house that has many pleasant associations.

How you can cut your costs and help a national problem.

The national charity, Help the Aged, has already converted many houses all over Britain in this way. In return for making the house over to the charity it takes full responsibility for conversion, and in return provides the present owner with a carefully converted private flat (usually self-contained), and thereafter pays all rates and external costs.

Send for full details, entirely without obligation. Please write to: Help the Aged, Room T6C, 32 Dover Street, London W1A 2AP.

WEST EUROPE

Industrialists sought by police over Italian savings bank scandal

From John Earle
Rome, March 5

Signor Nino Rovelli and Signor Raffaele Ursini, two leading Italian industrialists, and Signor Carlo Aloisi, the chairman of the international property company Generali Immobiliare-Sogem, were being sought today by police in connection with the scandal at Imalcasse, the Central Institute of Savings Banks.

They were among those not at home yesterday when police arrested 38 out of 49 bankers and industrialists wanted on charges of complicity in embezzlement during the period 1970-1977, when Imalcasse granted thousands of millions of lire in loans often, it is alleged, without proper security.

Signor Rovelli and Signor Ursini used to head Societa Italiana Resine and Liquori respectively—the two largest and fourth biggest Italian chemical groups—for which rescue operations are being mounted through the establishment of banking consortiums.

Also sought are three Roman building contractors, the brothers Gaetano, Camillo and Francesco Caltagirone, to whom Imalcasse lent more than 200,000m lire (£100m).

They are known to have gone abroad, however, before arrest warrants were issued in early February by magistrates dealing with insolvency proceedings against 29 companies owned by them.

Their friendship with Signor Francesco Evangelisti, a Christian Democratic leader, who has admitted receiving money from Gaetano, led to his resignation yesterday as Minister of Merchant Marine.

The banking and political worlds are still reeling from this unprecedented wave of arrests, which has virtually decapitated the savings bank movement, taking 12 heads, former heads, or senior managers of savings banks, who at one time served on the board of Imalcasse.

Among those being held are prominent figures like Professor Giorgio Dell'Amore, aged 78, for 25 years head of the Cassa di Risparmio delle Province Lombarde, which claims to be the biggest savings bank in the world.

The number of those detained rose today to 39, with the arrest at Potenza of Signor Faustino Sommi, chairman of a local co-operative bank and former managing director of a steelworks, Siderurgica Lucana, which has received concessional credits.

To assess the implications on the banking system, Signor Filippo Pandolfi, the Treasury Minister, has summoned a meeting of the Cabinet's Ministerial Committee for Credit on Friday.

Friday, The government is also to make a statement to the Chamber of Deputies Finance Commission next Tuesday.



Signor Gaetano Caltagirone: sought by police.



Signor Angelo Sena: one of 38 businessmen arrested.



Signor Evangelisti: resigned as Merchant Marine Minister.

Russian leaves after spy inquiry

From Our Own Correspondent
Paris, Mar 5

A second Soviet consular official in Marseilles has suddenly left France, following inquiries by the DST, the French counter-espionage agency, into espionage on military equipment.

Only two of 40 trainees at an adult training centre were receiving any additional money for special expenses before welfare rights workers took up their case. Now all were receiving extra help.

Life prisoner gets jail leave to marry

A double killer, who was first married in his death cell, is to be allowed out of prison today to marry for a third time.

Donald Forbes will leave Peterhead jail, Grampian, for a brief register office ceremony but will get no other special privileges, the Scottish Office said yesterday. Normal prison arrangements for occasions of that kind would apply, an official said.

He said Mr Forbes's wife would be able to visit him at the prison after the ceremony but added: “The visiting arrangements will accord with those that normally apply.”

According to the register office list, Mr Forbes, aged 45, is to marry Alison Maureen Fraser Grierson.

The marriage ended in divorce, as did a second marriage. In 1970, Mr Forbes was released on parole after serving nearly 12 years of his sentence. Seven weeks after his release he stabbed a man to death outside a public house in Leith, Edinburgh, and was jailed for life.

Man saved as he tried to jump

A man was rescued yesterday afternoon as he was attempting to jump off the bridge which links *The Times* and *The Sunday Times* buildings in Gray's Inn Road, London.

Mr Keith Winfield, aged 20, a messenger in the correspondence department of *Times Newspapers Ltd*, spent 20 minutes sitting on the bridge which is about 70 feet above the ground.

He was grabbed by Mr Alfred Walder, an ambulance driver, and was brought down unhurt.

Students in challenge to party rule

From Mario Modiano
Athens, March 5

Greek university students today chose their union leaders in a crucial election that could confirm widespread opposition to the control imposed on the student movement by the main opposition parties—the Panhellenic Socialist Movement (Pasek) and the pro-Moscow Greek Communist Party.

Of about 100,000 students in all Greek universities and graduate schools, just over a half were expected to turn up at the campus polls to vote for one of 600 union posts, and an equal number of representatives to the tenth student congress which next week elects the new central council of the National Students' Union of Greece.

The student party affiliated to the Communist Party has controlled the largest number of unions since 1976, with the pro-Pasek party a close second. These two groupings have shared power within the central council of the national union.

The council's authority, however, was seriously challenged last December in a confrontation between the Government and the students over legislation on university examinations.

Independent committees spontaneously elected by the student assemblies, denounced the council's conciliatory line and proceeded to the occupation of some faculty buildings in universities demanding repeal of the law.

The central council was forced to stiffen its attitude towards the Government in order to preserve its credibility.

Radical officers clash with Premier in Lisbon

From Jose Sheercliff
Lisbon, March 5

The Portuguese Government's dissatisfaction with the activities of radical officers in the Revolutionary Council is causing tension in Lisbon.

The centre-right Government of Dr Francisco Sa Carneiro's Democratic Alliance is composed entirely of civilians. The Defence Minister, and the Prime Minister is set on excluding the military from politics for the first time since the revolution of 1974.

The discussions between Dr Carneiro and General Ramalho Eanes, the President, are openly discussed here, but the two leaders deny that their disagreements have any personal basis.

Dr Carneiro has stated publicly that they merely differ on certain specific points. One of these is the present Government's determination to abolish the “double diplomacy”

hitherto practised by the President in sending military men on missions to foreign countries. Such missions are the business of the Foreign Ministry, he insists.

The Cabinet yesterday came to the conclusion that certain statements by officers of the Revolutionary Council were not compatible with the proper relations between members of sovereign organizations.

No names were mentioned, however, and it is perhaps fair to conclude that mention in the local political press of military meetings to discuss possible action were no more than “political manipulation” as said in a late-night statement issued by the President's office.

The Revolutionary Council is not a permanent body and it is expected that the next revision of the Constitution may see its abolition.

Meanwhile, anti-Government

Mr Walker rounds on France over Lamb

From Ian Murray
Paris, March 5

Like Daniel entering the lions' den, Mr Peter Walker, the Minister of Agriculture, came to the French agricultural show at the Porte de Versailles today. In his temporary British pub in the hall, still reeling from the previous day by late French sheep farmers, he stood up for Britain on an upturned beer crate.

Asked about “Community preference” by a French journalist, who was clearly under the influence of a surfeit of stories about British imports of New Zealand lamb, Mr Walker rounded impatiently on the whole French nation. “It will become anybody,” he said, “to lecture us on Community preference when they put up illegal restrictions on imports from another Community country.”

Fresh—and obviously frustrated—from two days of fruitless negotiations in Brussels to resolve what French newspapers today call “the mutton war,” Mr Walker was in no mood to mince his words.

“Last night we had the spectacle of eight countries in Europe pleading with France to abide by the treaty of Rome,” he said.

Britain annually imported £500m worth of agricultural products from France and sold the half as much to France. The British apple trade had virtually been destroyed by cheap Golden Delicious apples, and he was under pressure to impose the same sort of illegal ban on French apples.

That sort of thing would be “disastrous” for the Community and he hoped that this would give France food for reflection so that it would ultimately abide by the treaty.

“As a good European I believe that the eighties are going to be the 10 most dangerous years of the century. We can face them united but not divided.”

Mr Walker said there was no possibility of Britain withdrawing from the Community and there had never been even “the slightest” discussion in the cabinet about it. Britain was and would remain a member of the Community.

As for the European budget, “a majority” of other members now understood Britain's position. Britain was expected to pay £1,300m more than it would receive from the Community and West Germany would pay £400m more, while all the others would be net beneficiaries.

The British enclosure at the show is the largest one from any other country. A row of fat German pigs snort along one side of the pub. But Jersey cows ruminate in front.

British sheep producers may not be in evidence, and indeed one French association threatened to daub any live British lamb that entered the hall in red, white and blue. But British sheep breeds are much in evidence and one splendid Dorset down ram sports a tricolour sash as best sheep in show.

A statement issued from the French Prime Minister's residence today said: “The Council of Ministers in Brussels could not reach agreement because of the opposition of Great Britain to grant Community sheepmeat producers the fundamental guarantees of the common agriculture policy.”

The establishment of a sheepmeat common market could not be obtained until producers could benefit from a system which guaranteed the good working of the market and the support of their incomes and—with a final dig at New Zealand—until the common market was fully respected by all member states.”

Mintoff threat to remove George Cross from flag

From Our Correspondent
Valletta, March 5

The Minister of Malta strongly hinted that the George Cross awarded for the island's wartime gallantry would be removed from Malta's flag if Britain went on treating the way it was doing.

Speaking in the House of Representatives he said he had not yet received a satisfactory explanation from Britain as to why British warships entered Malta's territorial waters in December.

He said he would go on insisting till he received an explanation and if he did not the George Cross could be removed from the flag.

The decoration was awarded to Malta by George VI on April 15, 1942, with the following

“To honour her brave people I award the George Cross to the island fortress of Malta for bearing witness to a heroism and devotion that will long be famous in history.”

A British High Commission spokesman said warships had been sailing within eight miles of Malta during routine exercises, no hostile action was intended and Britain reserved its position on validity of claim to territorial waters in excess of three miles.

According to the Malta Government the limit is 12 miles.

World view

by Arrigo Levi

Most Italian workers favour cooperation

Britain and Italy have been, in recent years, the two European countries with the highest level of industrial conflict, and it was widely believed that the aggressive strategy of British and Italian trade unions gave vent to the strike-bappy, angry mood of the workers.

This view has recently been challenged, in Britain, by the series of striking votes against strikes by the rank and file in various industrial sectors. Now, the idea that the Italian worker enjoyed a good strike and hated his work and his master “in Italy” is being identified with the age-old name of “padrone” or “patron”, has been sensationally proved wrong. The first mass survey of Italy's most typical industrial worker: the Fiat worker.

More than 6,000 workers belonging to a dozen factories have answered a large number of questions. It turns out that a large majority—most 73 per cent—find their work “very good” or “rather good”.

Forty-five per cent feel that cooperation between the worker and the “padrone” is “necessary and advantageous to all” concerned, while another 30 per cent believe that cooperation is “possible, if negotiated”; only 25 per cent judge it “impossible” and seem to approve the generally accepted slogan of “no more wars”.

When asked in which other countries workers have greater powers than in Italy, 44 per cent say they “do not know”, while 37 per cent answer “none”.

Of the remaining 39 per cent, 31 name West Germany as the country of their dreams, followed by Britain (12.5 per cent), France (10 per cent), Sweden (10 per cent). The Soviet Union is only a poor fifth with 6.9 per cent of the votes, while Yugoslavia gets 2.6 per cent, China 1.6 and the socialist countries as a whole a disastrous 1.5 per cent.

Only a small percentage of Fiat workers believe that their company is not competitive with foreign car factories, and while 32 per cent of them say “it is the fault of the management”, 30 per cent believe that it is the fault of either the unions or the workers themselves.

More than 55 per cent dislike the recent negotiated national pay contract: when asked what they expect out of their job, 36 per cent answer “good and safe pay”, while 31 per cent ask for a “healthier factory environment”; only 15 per cent want “more varied and interesting work”.

This flatly contradicts the strategic choices of Italian unions in recent years, which emphasized

work organization rather than pay. Finally, when asked about the recent dismissal by Fiat of 61 troublemakers, 30 per cent of the workers believe that the enterprise just wanted to “get rid of the violent men”, 21 per cent say they do not care, and only 20 per cent feel that this was “a challenge to the trade unions”.

The most surprising aspect of this surprising survey is that it was not organized by the Fiat management. The organizers were the Italian Communist Party.

The party announced their results with a great fanfare on the eve of a three-day conference in Turin, where the main leaders of the party and union leaders—including Signor Lama—presented, as the new slogan of party and union, the fight for greater productivity.

The party also wants some government help for Fiat's research and development, thus supporting a recent request by Signor Agnelli himself. This should be accompanied by “more state planning”, but certainly not by any form of nationalization or government control of Fiat.

The unions themselves were rather shocked by this aggressive initiative. The Communist Party has been very critical of union strategy in recent years. Many surprised observers are still wondering why Italy's great working class party decided to take the new line.

One possible answer is that it was just as surprised as everybody else by the results of the survey, then felt encouraged to follow the new “cooperative” strategy which it had always been advocating for some time.

In any case, the truth is that the industrial worker of the 1980s, even in Italy's time atmosphere, turns out to be a rather sensible and quiet individual, who accepts “the industrial way of life” for what it is and asks for a little more pay, and better environment, in order to be happy. The “unknown worker” turns out to be a “common sense worker” as one communist leader put it.

One wonders if, even in the most democratic countries, more democratic procedures may not be necessary in order to allow the “unknown worker” to make himself known and listened to by his superiors and working class parties. If they knew their worker better, would their parties avoid unpleasant surprises at the polls? As a reaction to its defeat in the 1975 elections, the Italian Communist Party's decision to end the workers' war, their really want appears eminently sensible. Could this example be followed with some profit by others?

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EEC to ask court to order suspension of import levy

From Michael Hornsby
Brussels, March 5

Emergency legal action is being taken by the European Commission in an effort to get the French to end their defiance of the European Court of Justice's five-month-old judgment ordering a ban on British lamb imports.

The decision was taken by the Commission at its weekly meeting here today after Mr Finn Olav Gundelach, the Agriculture Commissioner, had reported on the collapse of the French attempt to declare a truce in the Anglo-French “lamb war”.

The Commission will now ask the court for an interim ruling ordering the French to suspend immediately the import levy they imposed as a substitute for the total ban on lamb imports declared illegal last September.

Mr Gundelach had been reluctant previously to take this step on the grounds that the French were not ready to accept an interim injunction that the original court judgment.

It is still not clear, however, how quickly the court will issue its order. Britain would like it to be before the next EEC summit meeting on March 31 so as to strengthen their hand over EEC budget contributions.

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Giscard cousins sue French satirical paper

From Our Own Correspondent
Paris, March 5

Both the prosecution and defence sought to create a sensation when the Paris civil court today heard a defamation case brought against the satirical weekly *Le Canard Enchaîné*, by M François Giscard d'Estaing and M Jacques Giscard d'Estaing, the cousins of the French President.

The case arose over an article in the paper on October 10 last week, in which a story concerning the apparent gift of diamonds by the former Emperor Bokassa of the Central African Empire to President Giscard d'Estaing.

The cousins were alleged to have received diamonds too. Neither appeared at the hearing and they left their lawyer, M René Boudoux, to tell the court that they were no longer seeking for 200,000 francs (£21,000) damages each, but instead were simply seeking a symbolic franc because they did not want to receive money from *Le Canard Enchaîné*.

M Angelo Boccaro, their other lawyer, told the court that M François Giscard d'Estaing had been hiding in the Central African Empire in 1976 when he had been invited by the former Emperor to receive a decoration.

“He lacked the presence of mind to say: ‘I don't want your ironmongery: it was my first lapse and it was unpardonable.’”

The lawyer for the paper, M Roland Dumas, produced two papers purportedly signed by ex-Emperor Bokassa. One, dated August 31, 1979, showed an order for several diamond sprays for M François Giscard d'Estaing. The other was for one diamond spray for M Jacques Giscard d'Estaing.

The court was asked to order the paper to pay damages to the cousins and to publish a correction.

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OVERSEAS

Publisher's murder is new blow to press freedom in Lebanon

From Beirut, March 5. The murder of Mr. Salim El-Hass, the Lebanese publisher of the magazine *Al-Hadith*, has sent shock waves through the journalistic establishment in Beirut and prompted the minister to describe the killing as "the murder of the free world".

In a country which likes to regard its press not always with complete justification, as among the freest in the Arab world, Mr. El-Hass's death is going to affect the critical language of many commentators here, particularly their scepticism over the Syrian presence in Lebanon.

This morning the newspaper *Al-Bayana*, a conservative daily owned by the president of Lebanon's Reporters' Association, went so far as to urge journalists to leave the country "because Lebanon is no longer a free world".

Mr. El-Hass, whose magazine had carried a long article on Syria in its January issue with the headline "Why does the regime tell lies?" printed on the front cover, was kidnapped 10 days ago with a group of two Syrian Army checkpoints near Beirut airport.

Neither the Syrian nor the Lebanese authorities have given any indication who might have been responsible for the murder.

Mr. El-Hass was shot twice in the head and right hand, and his body was found apparently before he was killed.

Mr. Salim El-Hass, the Lebanese Prime Minister, described Mr. El-Hass's murder as "a

horrendous, gruesome crime", and Mr. Nazem Kadri, the acting Interior Minister, condemned what he called "this ugly crime, which represents a serious attack on freedom".

Just how serious a blow the murder has struck at the freedom of the press in Lebanon remains to be seen. Newspapers and magazines here have rarely treated with impartiality to which many journalists in the West claim to adhere.

Large amounts of money flow into Lebanon from the West, particularly from Libya and Iraq. Only because this journalistic prostitution has been balanced by cash from conservative Arab states has Lebanon been able to claim that its press represents all points of view.

Al-Hadith and its short-lived sister paper *Events* (which was in the English language) were the least maintained. Mr. El-Hass, though he was by no means a popular publisher among his colleagues, was a brave and highly intelligent journalist whose regular analyses of Arab-American relations had considerable prestige in the Lebanese press.

Almost 20 Lebanese newspaper employees, including senior journalists, editorial assistants and van drivers, have been killed in Beirut since 1976. The bodies of the victims were found in a ditch near the city, and their families were given no compensation.

Mr. El-Hass's death is a blow to the press in Lebanon, which has been a free world for many years.

Hongkong samples Australia's Pavlova

From Our Correspondent Hongkong, March 5. Gourmets in Hongkong are taking for the first time "Pavlova", regarded as Australia's national dessert. This soft, meringue-based dish with crisp meringue crust has never been on sale here before.

It was created to honour Anna Pavlova, the Russian ballerina, who visited Australia in the late 1920s. Its sole exporting agent in Australia is known as Swan Lake Pavlova, which has perplexed local Chinese preoccupied with anti-Moscow sentiment over Afghanistan and the Olympic Games.

Swan Lake Pavlova will fly in the Australian product each week and hopes to establish a Hongkong partnership for local production when Chinese demand is established.

The "Pavlova" dessert is made from egg white, sugar and vinegar and is baked for about an hour. The base, when shrunk, keeps fresh for several weeks and can be topped with whipped cream, strawberries, pineapple, cherries or other fresh or tinned fruit.

This gourmet export coincides with a campaign in Australia to try to expand kangaroo meat exports to Asia as a substitute for beef.

10 die in blizzard

Amman, March 5.—At least 10 people died and many were injured in a blizzard which hit Jordan for two days.

Urban violence closer as Army suppresses protest

Heavy-handed rule in Colombia

By Roger Plant. The spectacular assault on the Dominican Republic's Embassy in Bogotá, carried out by the M-19 guerrilla movement last week, may accelerate Colombia's slide into dictatorship. Successive measures of the 18-month-old Government of President Turbay's Ayala against individual and collective freedom of movement recently against the independence of the judiciary, have already exposed the limitations of the country's formal democracy.

Critics in Bogotá have long called the Turbay Government a demagogue of the President and General Camacho Leyva, the Defence Minister, with the latter calling the tune. President Turbay was elected on a counter-insurgency platform, promising to stamp out endemic common crime and drug-trafficking, and to bring all guerrilla organizations into remote rural areas despite the regular use of state of siege provisions over the past 30 years.

Within a month of taking office he enacted a Security Statute which granted sweeping powers to the military, and made permanent the emergency provision which had been used intermittently under previous states of siege legislation.

During the 1978 elections, rumours of a military coup were commonplace. The military had been frustrated at what it saw as the weakness of civilian presidents, in the face of continuing guerrilla activities and growing social unrest in both urban and rural areas. In September, 1977, Colombia's

hitherto divided urban unions waged a national strike which severely shook the Government.

In the rural areas peasant organizations, originally encouraged as a political support group against landowners by a president committed to agrarian reform in the late sixties, had become a serious political threat in the early 1970s when land distribution terminated. Subsequent policies favoured agro-industrialists, and relied on World Bank projects aimed at the middle farmer to stem the tide of peasant unrest. After a peasant march on Bogotá, government used heavy-handed tactics to deal with land invasions tolerated until then.

Such policies left a growing inner-city labour force in the city slums, and an increasingly militant peasantry in their wake. Guerrilla organizations such as the pro-communist Colombian Revolutionary Armed Forces (FARC) established new fronts in isolated rural areas, while the smaller National Liberation Army (ELN) carried out lightning attacks on villages, and kidnapped landowners for ransom.

But guerrilla activities had little impact on the capital, where a large middle class denigrated the rural rebels and was accustomed to the enjoyment of its civil liberties. When prominent intellectuals were rounded up and court-martialed in 1974, accused of links with the ELN guerrillas, a national outcry brought a temporary lifting of the state of siege. This rescaled jurisdiction over the case to the civilian Supreme

Court, which quashed the military sentences on the grounds of torture and judicial irregularities, and severely damaged military prestige.

The new Security Statute now grants military courts permanent jurisdiction over a broad range of offences categorized as subversive, ranging from rebellion to land invasions and the disturbance of public order, with penalties greatly raised in all cases. Meanwhile moves against judicial independence, replacing the traditional system by which the Supreme Court elects its own members with one by which Congress selects the judges from a list previously submitted by the President.

In providing for long prison terms for land invaders, the Statute has placed the Government ever more firmly on the side of large landowners, who have extended their holdings in recent years at the expense of peasant farmers; and it has effectively outlawed such indigenous groups as the Regional Council of Cauca Indians.

However, while rural repression has long been a fact of the country's political life, it is the country's excesses in urban areas which have aroused international attention. The Statute has been invoked to curb strike action in the public sector, and has placed a considerable number of trade-unions behind bars.

Conditions are ripe for urban violence, with mushrooming shanty towns in several cities, and they are becoming more so as conventional forms of social protest are stifled.

Three Turks killed in acts of violence involving militants of both extremes

From Sinan Fisek Ankara, March 5. The Army intervened and a curfew was imposed in the northern Anatolian town of Zile today after one person was killed and shops and other buildings were burnt and looted.

In Istanbul, terrorists, believed to be leftists, killed two soldiers during a bank robbery. The incidents in Zile, about 300 miles east of Ankara, began with a fight between two student groups and rapidly turned into a gun battle, followed by a riot, Government sources reported. The fighting spread to the town and the rioters, said to be right-wing militants, burnt and looted buildings, and later stopped firemen from approaching the area.

At least a dozen people were injured, five of them seriously. They included Mr. Yakup Kutlu, local head of the social democratic Republican People's Party (RPP), led by the Opposition leader, Mr. Bulent Ecevit.

Mr. Mustafa Ustundag, the party secretary-general, said that the incidents were the result of "right-wing terrorism", and that "all the buildings and shops looted and burnt

belonged to RPP followers". He added: "Our party headquarters has been totally demolished." He feared the death toll would rise.

Mr. Kutlu was being sent to Ankara for treatment. The situation was said to have calmed down after military reinforcements from neighbouring provinces intervened and a curfew was imposed. However the Anatolian News Agency reported from Zile that "few people appear to be obeying the curfew order".

The robbery in Istanbul took place near the covered bazaar, one of the city's most crowded areas. Four terrorists, one of them a young woman, entered a bank with automatic weapons and shot down the guard, a gendarme paratrooper, who died on the spot.

They machine-gunned another soldier who was patrolling near by, and he died on the way to hospital. Failing to open the safe of the bank, they escaped on foot with only 118,000 Turkish liras (£750), taking the dead soldiers' guns with them.

In Antalya, on the Mediterranean coast, a six-year-old boy died and two other children were seriously wounded when an explosive device they found in an empty lot exploded. Police arrested a man living near by, who had a record of keeping explosives at his home.

Retaliation for terror directed at peace force

From Christopher Walker Jerusalem, March 5. A United Nations spokesman tonight expressed "serious concern" about the deterioration of security in south Lebanon after a day in which over 100 civilians were killed and eight injured in a series of mine and heavy artillery attacks.

According to United Nations sources in the area, a new and disturbing pattern of violence has emerged after the recent breakdown in the ceasefire between Palestinian guerrillas and the Christian militia forces under the command of Major Saad Haddad, which are supported by Israel.

The sources claim that United Nations troops are being deliberately singled out for retaliation by Christian gunmen after every incident of violence or infiltration.

Figures supplied to The Times show that over the past two weeks, more than 500 rounds of heavy machine gun, mortar, tank and artillery fire have been aimed at vehicles and buildings manned by members of the Dutch and Irish battalions of the United Nations Truce Supervision Force in Lebanon (Unifil).

Today's incidents followed the new pattern. A land mine planted by Palestinian terrorists destroyed a minibus carrying Lebanese civilians to a school near the Israeli border. One person was killed and three injured.

Shortly after that the Christian militia's artillery began a five-hour barrage aimed at various Unifil positions. A Lebanese girl was killed and five civilians injured when 11 of the shells exploded within a few yards of the Dutch battalion's headquarters in the village of Haris. Other shells narrowly missed the battalion's hospital.

A United Nations spokesman said: "We were informed by the Christian militia that the shelling was in retaliation for the mine explosion. A similar pattern of retaliation against Unifil positions has become apparent over the past two weeks."

President's son is divorced

Washington, March 5.—Mr. Chip Carter, the President's son, was divorced from his wife Carol last Friday, a White House spokesman said last night.

The couple, who have a son, James Earl, had been estranged since November 1978. Mr. Chip Carter is working full time for his father's reelection campaign. —Reuter.

Briton dead in holiday flat

Calella de Palafrugell, March 5.—The body of Mr. Keith Gordon Evans, a British-born tourist, was found in the bathroom of his holiday flat in Calella de Palafrugell, on the Costa Brava, during the weekend, a British consular official said today.

Mr. Evans, who was 50, worked for an American oil company and lived in New York. Foul play was not suspected. —Reuter.

Food firms upset by UN stand on baby feeding

By Robin Young. Consumer Affairs Correspondent. Big food companies claim that a draft code of practice drawn up by the World Health Organisation and the United Nations Children's Fund (Unicef) could increase infant mortality in the developing world.

The code, which has recently been widely circulated, apparently with a view to having it adopted at the next meeting of the World Health Assembly in May, deals with the marketing of breast milk substitutes.

If adopted the code would ban all sales promotion for feeding bottles and bottle-fed baby foods; prohibit companies from using pictures of babies feeding; and stop manufacturers advertising baby foods even in journals intended for the medical profession.

It would involve the setting up of an office in Geneva to monitor all promotional, educational and advertising material mentioning infant feeding in any way, and preparing a report on breast feeding throughout the world every three years.

The code was drafted after allegations that advertising by international food companies had contributed to Third World malnutrition by encouraging mothers to abandon breast feeding in favour of bottled milk, based on powdered cows' milk.

It was feared that in some countries mothers could not afford to feed their babies adequately on processed foods, and that they exposed their babies

to risk by mixing the food with unsanitary water.

A spokesman for the International Council of Infant Food Industries claimed yesterday that in drafting the code WHO and Unicef had ignored years of consultation with the manufacturers, and were seeking for themselves a regulatory role they were never intended to have.

Mr. Barry Rickens, external affairs adviser to Cow and Gate, said: "If the code is approved we simply would not be able to supply infant formula feed in countries which adopted it. That would blow out of business food companies out of business, but it would certainly kill hundreds and hundreds of babies."

"The code is wholly irresponsible in ignoring the fact that there are mothers who cannot breast feed their babies."

Professor John Dobbing, of the Department of Child Health at Manchester University, in a commentary on the code, said: "It contains a whole series of ludicrous proposals, trying to regulate doctors' clinical judgment, and requiring them to reveal their personal income so that the secret office can be sure they receive no gifts from the companies worth more than one five-thousandth of their annual salary rate. It is an imposition by a supranational body accountable to no one."

Professor Dobbing added that to attempt to monitor "the world status of breast feeding" would require "an enormous permanent research, statistical and clerical staff. Such a survey has been found to be impractical. It has never been attempted even in a single small country."

Briton killed

Tehran, March 5.—A British pilot named as Philip Sipek was among three people killed when a helicopter crashed in a mountainous region of south-west Iran on Monday, the official Press news agency reported.

39 die in crash

Calcutta, March 5.—At least 39 people were killed and 42 injured in a bus accident near Calcutta when a bus crashed into a tree as the driver was trying to overtake a truck.



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OVERSEAS

Doubting MPs assured by British Olympics chairman that politics can be kept out of sport

By John Groser

Mrs Margaret Thatcher is reported not to be amused by some of the remarks made at Westminster yesterday by Sir Denis Follows, the chairman of the British Olympic Association (BOA).

Sir Denis, who was giving evidence to the Commons select committee on foreign affairs, said (in effect) that he and his associates knew best and they still wanted our athletes to compete in Moscow this summer.

The Prime Minister has been pressing British athletes to boycott the Moscow Games because of the Russian intervention in Afghanistan. The ministerial view is that the United States is entitled to the greater support in its policy of avoiding competing at Moscow than President Carter has thus far received.

It is understood that Mrs Thatcher and her Cabinet are determined not to make a decision for the BOA by taking the (politically embarrassing) step of issuing a firm directive positively forbidding any athletes from going to Russia. Ministers believe that it is up to the BOA to make that decision and many of them are far

from pleased that the decision has been deferred.

If there are any "sports wets" in the Cabinet (which is doubtful) they will have heard from Mrs Thatcher her firm view that in athletics, as in everything else, life in a democracy is difficult. She resents the idea that sports should want the decision over Moscow and yet have the benefits of living in a democracy.

The Government is now prepared to sit out the next two or so weeks until a series of meetings are held. First, in Strasbourg from March 20 to 21, there is the conference of European ministers of sport (the Government team will be led by Mr Hector Monro). Then, on March 22, follows the meeting of the Olympic associations of West European countries. On March 25, the BOA will meet again.

Meanwhile, it is hard to see how Sir Denis's pious hope, expressed again at the Commons yesterday, that politics "be kept out of sport" is a realistic possibility. Asked by the foreign affairs committee if he felt he had better judgement of the interests of the British people

than Parliament and the Government, he said: "It is likely we have."

Sir Denis told the committee: "Attendance of anyone at Moscow does not imply in any degree support for the Soviet regime—that is the philosophy of sports organizations throughout the world."

Sir Denis was questioned closely by MPs about the apparent difference in philosophy—on the one hand supporting participation in the Games and on the other barring South Africa from the Olympics on the issue of apartheid.

"In a democratic community, which I think we are, I firmly believe we must keep politics out of sport," he said. Questioned about the Russian attitude, he replied: "You either accept the world as it is or you quit it."

He added that he did not think the Government had expressed enough of its displeasure over the BOA's possible intention to attend the Games.

Yesterday, Mr Monro criticized the association for delaying the decision on whether or not to go. He said that the Government would continue to

Difficulty in Schmidt US talks

From Patrick Brogan

Washington, March 5

Herr Helmut Schmidt, the West German Chancellor, who arrived here last night, is facing a series of meetings with American officials, including President Carter and Mr Cyrus Vance, the Secretary of State. He hopes to clear up some of the considerable differences that have developed between the two governments over the American policy towards the Soviet Union.

The Americans would like him to commit his Government to supporting the boycott of the Moscow Olympics and the proposed ban on the export of high technology items to the Soviet Union.

They have shown little appreciation for the European suggestion that Afghanistan should be neutralized and the Germans are anxious to proceed cautiously in reacting to the invasion of Afghanistan.

In the early days of Mr Carter's term, Herr Schmidt seemed to be unimpressed by Mr Carter's qualifications for the office and relations between them were strained. However they have improved since.

Minister 'disturbed' over decision by athletes

By John Hennessy

The decision of the British Olympic Association (BOA) on Tuesday, virtually in favour of

Washington, March 5. The decision of the British Olympic Association (BOA) on Tuesday, virtually in favour of sending a team to the Olympic Games in Moscow, brought the expected criticism yesterday from the Government. Mr Hector Monro, the Minister responsible for Sport, said that they would be giving "no support" to the Russians.

Speaking on BBC radio he said that he was disturbed that the association should "to all intents and purposes" have come out and said that it would be going to Moscow, because the Russians were "behaving quite outrageously."

He would be going to Europe to meet fellow ministers for sport and they would also be talking with the United States. "This would open up the possibility in future of boycotting the Games because of the attitudes of the Russians at the present time," he said.

Mr Monro said there was no question of sanctions against the BOA in terms of money. The Government would try "persuasion and explanation" and hoped there would be a realization that we are in a

very serious crisis and everybody, athletes included, must play their part in trying to win the battle over Russia. "The Minister felt 'desperately sorry for the athletes that the Russians have put them into this position. We are anxious that the athletes should have the opportunity to compete at the top level and our Government along with that of the United States and others, will provide that opportunity if they wish to have it.'"

The Government's thinking does not seem to correspond with that in the United States. Mr Robert Kennedy, president of the United States National Olympic Committee, made it clear in Lake Placid last month that the Americans had in mind mounting a domestic festival of sport, exclusively for citizens of the United States, and against misunderstanding he made the point not once but twice, quite categorically.

Such an event, as with any competition Mr Monro had in mind, would have to be authorized by the relative international federations (for instance, the International Amateur Athletic Federation) and that would provide another formidable obstacle.

Pakistan rejects proposed American aid package

From Our Correspondent

Islamabad, March 5

Pakistan has informed the United States that the proposed American aid package is not acceptable because it is wrapped up in onerous conditions which would harm rather than enhance Pakistan's security.

Mr Akbar Shah, President Zia ul-Haq's foreign affairs adviser, said here today: "We could not ignore the fact that the United States' sensitivity to Indian reactions appeared to be determining the content and nature of the aid package, denuding it of relevance to our defensive capacity."

He said there was also a suggestion that the acceptance of the aid package, which included \$2m (US\$20m) economic aid and \$2m military aid would affect Pakistan's nuclear research programme.

Mr Shah made a long statement on the developments in Afghanistan and the offers of aid by various countries at a convention of about 300 representatives of Pakistani local authorities' leaders, who are being groomed for General

Zia's new political plan, which still remains undefined, were also briefed by Mr Ghulam Ishaq Khan, the Finance Minister, on the state of the national economy.

Mr Shah said Pakistan's security is the first place, rest on the ground, strength and unity and in the second place on political, moral and material support from the Islamic and non-aligned worlds as well as the time tested friendship of China.

He referred to Pakistan's efforts to develop friendly relations with the Soviet Union and said regretfully: "It has been our experience that the Soviet Union has made its relationship with Pakistan conditional on the nature of Pakistan's relations with India and Afghanistan."

Pakistan would persist in its search for a relationship of partnership and friendship with the Soviet Union.

He outlined what he described as an extremely complicated regional situation in the context of developments in Afghanistan.

Pravda accuses Germans of seeking power

Moscow, March 5—Pravda

accused West Germany today of using the Afghan crisis to dominate Western Europe.

Commenting on the visit to Washington of Herr Schmidt, the Chancellor, the newspaper said Bonn was using a campaign against the Soviet Union, which the United States had encouraged, to further its own ends.

One aim of the "intensity" of West Germany's position in Western Europe and its standing in NATO, Pravda's Bonn correspondent, Vladimir Mikhailov, said.

He also accused Bonn of duplicity in recent policy. He suggested there was a contradiction between the Chancellor's decision to increase the defence budget and official statements of commitment to détente.

He said West Germany was "generally dependent on the United States and would be expected to show solidarity with Washington during Herr Schmidt's visit."—Reuters.

Yard men find no S African role in tanker sinking

From Our Correspondent

Johannesburg, March 5

Two detectives from Scotland Yard's fraud squad have found no evidence that South Africa had any part in the sinking of the supertanker Salem.

Chief Superintendent Griggs and Inspector R. J. Golding returned to Johannesburg from Durban, South Africa's main port, after two days of investigations.

The Salem sank in mysterious circumstances off Dakar, Senegal, on January 16. Lloyd's of London has said that the cargo of 190,000 tons of Kuwaiti crude oil was secretly taken off at Durban in December and that subsequently the ship was scuttled.

The Scotland Yard men travelled to South Africa after investigations by Shell International Petroleum, which bought the cargo on the high seas and says it was never received.

The detectives said they had questioned many people in Durban and visited various organizations. As far as they knew, no South Africans were involved in the offences they were investigating.

There have been claims that South Africa was part of a big fraud deal to obtain oil through the Arab oil producers' "back door". It is forced to buy oil at open market prices because of the Arab boycott on supplies.

Indian villages—4

Wealthy farming caste controls agricultural advance

From Richard Wigg

in a Gujarati village

A four-storeyed, modern urban-style flat block stands beside the large farmhouse, shaded by a 150-year-old banyan tree all the property of one well-to-do Patidar farmer in the "Garden of India".

Gujarat has achieved one of the biggest success stories of Indian agriculture since independence. But in the state where Gandhi was born this has been achieved through modern commercial farming techniques, irrigation, electricity, fertilizers and improved seeds—all imported or copied from the West. The Mahatma's hopes of village communities

shading under themselves have been shown of no relevance to India's advance over the past 30 years. It has been above all the success story of one sturdy middle-class caste, the Patidars, driven by an urge to advance socially as families, individuals and as a caste.

The flat block's only function in the village is one of conspicuous consumption. The 65-year-old farmer has achieved life's work, building up the 30-acre estate inherited from his father into 80 irrigated acres. The flat has only been used once when one of his grandsons married, to accommodate all the family relations for the wedding festivities. The word has since been getting around to equally prosperous farmers of his caste in neighbouring vil-

lages, giving them the idea it might be worthwhile to negotiate the marriage of one of their teenage daughters with a second of the old man's grandsons. One even, though the dowry will be steep.

There has been a Dowry Prohibition Act on India's statute books since 1961 but some Indian sociologists believe the social obligation to pay dowry money, which flourishes as never before, has spurred enterprising farmers in the prosperous agricultural regions of India like Gujarat, Punjab and Andhra Pradesh to more efficient working of their lands so as to better their family fortunes and business opportunities.

"Everyone tries to marry their daughters upwards in society," the old farmer's daughter-in-law told me one morning. She is a portly woman in her 30s, married at 15, self-confident and willing to talk to me. There were no dowries in her father's time, she said. But it's the men who go and negotiate for a marriage partner. If there has to be a dowry I think it's better the girl's parents insist the bridegroom's family invest the money in some new business.

Better off farmers' families today often do invest the dowry, either in improvements on the bridegroom's farm, in some business in the nearest market town, or in old-fashioned village



Mr Anderson addresses supporters at his Boston campaign headquarters.

Mr Kennedy is still hopeful

Continued from page 1

where moderate voters predominate as well as down on Cape Cod.

Mr Reagan, who had never seriously anticipated more than a respectable showing in this most liberal of the New England states, remained the hard core conservative vote. From his home in California, where he was celebrating his wedding anniversary, he described the outcome in Massachusetts as a "three-way tie". His position as front runner in the Republican race can only have been enhanced by his strong performance here and in more conservative Vermont.

The principal loser on the Republican side was Mr Howard Baker, the moderate minority leader of the Senate who could only muster a 5 per cent share of the vote in Massachusetts and 13 per cent in Vermont, where he had mounted a vigorous campaign. Messrs Philip Crane, John Connolly and Bob Dole each won one per cent of the vote here.

Apart from Mr Anderson, Senator Kennedy was the only other presidential hopeful to grace Massachusetts with his presence on election night. "For Ted Kennedy, the smile is back," the headline in today's *Boston Herald American* said and that is how it was when he greeted his well-wishers in the ornate ballroom of the Park Plaza Hotel in central Boston last night.

"We have faced adversity and disappointments," along the campaign trail, he roared in a hearty voice. "But if our candidacy means anything—and it means something after this evening's results—it means that the American people will not tolerate an inflation rate of 20 per cent and an interest rate of 17 per cent."

Sounding more confident than he has since he entered the race last autumn, he repeated his solution to the economic ills. "The only way, the only fair way, of dealing with the central issue which is before this nation is to put controls on prices, on profits, on rents, on interest rates, right across the board," he said.

He also condemned Mr Carter for a "foreign policy which lurches from crisis to crisis as we have seen in the last 48 hours". This was a clear reference to the confusion which has surrounded the administration's position on last Saturday's United Nations Security Council vote condemning Israel's settlements policy.

Senator Kennedy, with 65 per cent of the Democratic vote, beat the incumbent by more than a 2 to 1 margin. President Carter took a 25 per cent share and Mr Jerry Brown, Governor of California, a mere 3 per cent.

The Senator's victory will provide a timely boost in morale among his campaign workers, who had feared until the last moment that their candidate might not pass the 50 per cent mark.

Mr Carter, whose surrogates mounted only a modest effort in Massachusetts, issued a statesman-like message from the White House congratulating Mr Kennedy's victory on his victory here. The statement emphasized that the President had fared very well in Vermont where

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Last Arab forced out of Jewish quarter

From Christopher Walker

Jerusalem, March 5

At a time when many Israeli politicians are pressing for the right of Jews to move back into the occupied Arab town of Hebron in the heart of the expensively renovated Jewish quarter of Jerusalem, one Arab family was forced to accept compensation and leave.

According to Israeli sources, some 800 Arab families lived in the Jewish quarter of the Old City before the 1967 war. Their properties have been gradually taken over by Jews, who have turned the area into one of the busiest neighbourhoods in Jerusalem.

As long ago as 1974, Mr Ayub Hamis Tountouni appealed to the Israeli High Court against attempts by the Jewish Quarter Development Corporation, in effect his own, to demolish his family house, a two-storey building with six rooms, which overlooks both the Wailing Wall, and the historic Al-Aksa Mosque.

At the time, Mr Tountouni claimed that the eviction was racist because it was being aimed specifically at Arabs. The court rejected his appeal and supported the corporation, which argued that Mr Tountouni was occupying the quarter, which had been expropriated by the Israeli Government for "public needs".

Ever since, Mr Tountouni has been pressing for compensation. He has been offered a new house in an Arab district. But yesterday, after three hours of hearing by the 13 members of the court, he was told to be evicted by the Israeli security forces, he agreed to accept a new compensation offer of \$55,000 and move.

Mr Tountouni made clear to reporters that he had been forced to leave his home. "I was living in a house where I had been living since 1935, well before the fall of the Jewish quarter in the war of independence."

"I am a Jew," he said, speaking in Hebrew. "I love Jerusalem. I considered a spiritual value. An Arab who loves Jerusalem is suspected of supporting the Palestine Liberation Organisation."

The widely publicized decision to force a family to leave their home has angered both Arabs and Israelis. With the independent Hebrew newspaper, *Ha'aretz*, Mr Amos Elon, the Israeli author declared:

"The heart shudders in the face of the violence of a regime which makes claims of Jewish-Arab coexistence and which, in the very days that it tries to allow Jews into the heart of Hebron, insists on the expulsion of the last Arab family from the quarter which has been sacred since the days of the Temple."

A bit of Irish about first jet from Cairo

From Our Correspondent

Tel Aviv, March 5

Israelis awaiting the first Egyptian commercial airliner from Cairo today were disappointed by the arrival of a Boeing 707 with the markings of Generali.

The stewardess who was first down the steps and proclaimed her pleasure at being on the first flight turned out to be Irish. She said the rest of the crew was also British. Reporters asked her to explain the discrepancy among the 15 passengers could not find any.

"This was the first flight and it was arranged very quickly," explained Mr Muhammad Abdul Ghany, managing director of Nefertiti Airways of Egypt which is to operate the service.

Mr Walter Ardib, joint managing director of Travel and Tours, the Israeli agency, explained the aircraft was newly purchased from Nefertiti and reached Cairo only at 7 pm yesterday. "They didn't have time to paint it," he said.

Nefertiti Airways was established especially to cater to the needs of the Israeli tourist industry because established carriers risked being blacklisted in other Arab countries if they flew to Israel.

Conservation can tie in with development policy

PARLIAMENT, March 5, 1980

Bill on organ transplants to stop 'press ghoulies' gaining clues to the identity of donors

House of Commons
The bill, which has been introduced by Mr. Geoffrey Smith, Minister of State for Agriculture, Fisheries and Food, is designed to prevent the press from obtaining information about the identity of donors of human organs for transplantation. The bill is a response to a series of incidents in which the press had obtained information about donors of human organs for transplantation, leading to the identification of donors and their families.

Mr. Smith said that the bill was necessary to protect the privacy of donors and their families, and to ensure that the transplant system was not undermined by the press. He said that the bill would prevent the press from obtaining information about donors of human organs for transplantation, and would also prevent the press from obtaining information about the identity of donors of human organs for transplantation.

Mr. Smith said that the bill would also prevent the press from obtaining information about the identity of donors of human organs for transplantation, and would also prevent the press from obtaining information about the identity of donors of human organs for transplantation.

To add insult to injury (he said) the press had been able to obtain information about the identity of donors of human organs for transplantation, and to use this information to identify donors and their families. This was a serious breach of privacy, and it was necessary to take steps to prevent this from happening again.

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Cooperation in Europe in combating Terrorism

Mr. William Whitelaw, the Home Secretary, said during the debate on the Terrorism Bill that the Government was committed to co-operation with other countries in the fight against terrorism. He said that the bill was designed to strengthen the powers of the police and the security services in the United Kingdom, and to ensure that they were able to co-operate effectively with other countries in the fight against terrorism.

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Directing training towards future industrial needs: 'We must go through rough period'

It was almost incredible that after 10 months in Government the Secretary of State for Employment had done nothing to promote jobs, Mr. Eric Varley, Opposition spokesman on employment, said in opening a debate on employment and training opportunities. Mr. Varley (Chesterfield, Lab) moved: "That this House deplores the repeated cut-backs in the budget of the Manpower Services Commission and the consequent reduction in job support measures which are damaging their effectiveness at a time when the Government's economic and industrial policies are causing large-scale redundancies and a dramatic increase in unemployment; and further calls upon the Government to pursue a constructive manpower policy which will support industrial development and provide training aid help for the unemployed."

Mr. Varley said that the Government's policies were causing large-scale redundancies and a dramatic increase in unemployment, and that the Manpower Services Commission was being cut back. He said that the Government was not doing enough to promote jobs, and that it was necessary to take steps to ensure that the training system was able to meet the needs of the future industrial sector.

There was much scope for improvement in the cost-effectiveness of the present arrangements, and for devising a more flexible and responsive system to meet the rapidly changing skill needs of the 1980s. He suspected that in the next session of Parliament it would be necessary to have a training Bill of some sort. They were going to have to look carefully at their whole training programme.

A tremendous amount of money was being put into training by Government. Industry training boards or within industrial concerns themselves. Yet here they were with more unemployment and lower production and productivity than they had had for years. It was right as Secretary of State to make a major contribution as well as everyone else to the re-orientation of public expenditure.

But what had been preserved was a greater efficiency and concentration of effort to those who needed help now together with a developing programme that would secure training needs for the future.

There were a lot of difficult decisions and perhaps difficult months and years to go through on the employment scene. But I believe (he said) we can, if we are reasonable and if we stick to our course, build over the next few years a far more successful economic system than we have known for years.

Mr. Denis Davies (Llanelli, Lab) said most of the difficulties facing the Government's monetary policy. It had deliberately put up the rate of inflation which was almost 20 per cent.

Mr. Nicholas Scott (Kensington and Chelsea, Con) said that unemployment was inflationary because people were paid for goods or services.

The trade unions must bear a substantial responsibility for many of the problems facing the country, because if they went on insisting on high wage settlements when the country was producing fewer goods, the inevitable result would be increased unemployment. Trade unions must accept their share of responsibility.

Commission to move against France over UK lamb curbs

The EEC Commission is to take over an immediate investigation against France in view of France's continued restrictions on the export of lamb carcasses to the United Kingdom, Mr. Geoffrey Smith, Minister of State for Agriculture, Fisheries and Food, said. It would take seven to 10 days to implement.

His announcement came when he was answering questions on his statement to the Council of Agriculture Ministers in Brussels on Monday and Tuesday.

In his statement, he said the main issues discussed were sheep meat and the Commission's response to the French lamb curbs.

On sheep meat, the Council considered a draft resolution tabled by the Commission, which called for the Commission to apply from the opening of the French market until July 15. The minister, Mr. Peter Walker, said that the Commission was not to be regarded as imposing its views on the French, but that it was necessary to take steps to ensure that the Commission's policies were able to meet the needs of the future industrial sector.

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Decisions soon on help for fishing

The Government was fully aware of the current difficulties facing the fishing industry and was urgently considering requests for help, Mr. George Younger, Secretary of State for Scotland, said during questions.

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Order for two offshore vessels placed

Miss Janet Fookes (Plymouth, Drake, C) asked when the Secretary of State for the Navy would decide on a new offshore protection vessel for the Royal Navy.

Mr. Keith Speed, Under Secretary of Defence for the Royal Navy, said that the Government was not to be regarded as imposing its views on the French, but that it was necessary to take steps to ensure that the Commission's policies were able to meet the needs of the future industrial sector.

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Jury vetting guidelines

Mr. William Whitelaw, Home Secretary, said in a written reply that he would be writing to the Lord Chief Justice on the subject of jury vetting guidelines.

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Defence White Paper

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Tory rate rises less than Labour's, minister says

On average rate increases in Tory areas are less than those in Labour areas, Mr. Malcolm Rifkind, Under Secretary for Scotland, said during questions.

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New chairman

Mr. Patrick Jenkin, Secretary of State for the Civil Service, announced in a written reply that he had appointed Professor Abraham Goldberg as chairman of the Civil Service Commission.

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Sensible subsidy

Mr. Gavin Strang, an Opposition spokesman on agriculture (Edinburgh, Lab), said that he would be writing to the Secretary of State for Agriculture, Fisheries and Food on the subject of a sensible subsidy.

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Parliamentary notices

House of Commons
Today at 2.30 p.m. Mr. Harold Wilson will read the opening of the debate on the subject of the future of the British Empire.

House of Lords
Today at 2.30 p.m. Mr. Lord Cogan will read the opening of the debate on the subject of the future of the British Empire.

When in Europe, do as the Europeans do.

by Europeans, for Europeans. It's published with The Times, Le Monde, La Stampa and Die Welt on the first Tuesday of each month.

It is a book of practical advice for those who are travelling in Europe. It contains a wealth of information on the customs, habits, and traditions of the various European countries. It is a book that is essential for anyone who is travelling in Europe.

BBC cuts in Scotland

The Secretary of State for Scotland should intervene with the BBC to stop proposals to cut services in Scotland, Mr. George Foulkes (Glasgow, Lab) said during questions.

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New Skyflash missile

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£6,000 plus Appointments

Graduates-France

C.£9000

Applications are invited from final year or newly qualified graduates of electrical and electronic engineering to join Measurement and Control Europe, a division of the worldwide Schlumberger Corporation. As part of the research and development programme the Company would like to recruit a number of graduates to join their project research units located throughout France.

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Applicants should have, or expect to graduate with, a good honours degree in electrical and electronic engineering and have a reasonable knowledge of both written and oral French. These appointments offer ample opportunities for career advancement within the Schlumberger International Organisation.

If you are interested please write enclosing a comprehensive curriculum vitae to:

Mr B. W. Simmonds Personnel Manager,
Schlumberger Measurement and Control (U.K.) Ltd,
Victoria Road Farnborough,
Hants.

ENERLEC
Schlumberger

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12 Avenue Road,
London NW8 5BP

Due to retirement the post of Matron (Senior Nurse) will be shortly become vacant. Applications are invited from senior nurses with clinical experience and administrative ability. The post is resident, and self-contained accommodation is provided within the grounds of the clinic. For further particulars, please apply to the Directors.

PROMOTION ADVERTISING SELLING

MARKS OF DISTINCTION LTD. are looking for someone with flair and initiative to drive and manage a new advertising and sales team. If you would like to earn a substantial salary and commission plus perks phone on 357 3772 reference GBK immediately.

All recruitment advertisements on this page are open to both male and female applicants.

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We are looking for an enthusiastic person with a flair for business and people who can take advantage of our management career prospects and the opportunity to assume responsibility. An extensive training is provided. Salary is determined by age and experience with regular reviews. You will be dealing with people at all levels as a series of human help. If you are enthusiastic and looking for a challenge which will utilise your commercial experience, please apply to the Director, Call Neil Stewart on 484 9565.

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BE TRAINED TO BE A RECRUITMENT CONSULTANT

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CLINICAL EPIDEMIOLOGY & SOCIAL MEDICINE
with good secretarial skills to work with a busy department concerned with teaching and research. The department is situated in the Clinical Sciences Building at Hammersmith.
Salary on scale £4,205-£21,940 (inclusive). Hours 9.30-5.00. 35 days leave, including public and customary days. Annual increment 5% subject to satisfactory performance. Further particulars and application forms are available from the School Secretary, R.F.H.S., 20 Hammersmith Road, W6 1HP, or telephone 01-837 5385 ext. 202.
Closing date: 20 March 1980.

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Entry level position for a young person with a flair for business and people. The post involves a lot of travel and the opportunity to work in a variety of countries. Salary is £4,000 per annum plus expenses. If you are interested, please call 01-436 8722.

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We are looking for a part-time secretary to help us with our fundraising efforts. The post involves a lot of travel and the opportunity to work in a variety of countries. Salary is £4,000 per annum plus expenses. If you are interested, please call 01-436 8722.

W.I. Advertising Agency

We are looking for a part-time secretary to help us with our advertising efforts. The post involves a lot of travel and the opportunity to work in a variety of countries. Salary is £4,000 per annum plus expenses. If you are interested, please call 01-436 8722.

Part-time Secretary/Assistant for School in Kensington

Office administration, phone, shorthand and typing must be included in working hours. Salary £3,500 to £4,500. Tel: 370 5522.

North London Company

(Electronics, Plastics and Auto-Spare parts) requires **Sales and Export Manager** in expanding export business, willing to travel, and must be fully conversant with the Turkish, French, English and Greek languages, and have experience in international commerce; be able to deal with accounts and have knowledge of production technology. Salary and commission negotiable. Box No 1548 F, The Times

CAVENDISH MOTORS GROUP OF COMPANIES

requires a **FLEET SALES EXECUTIVE** to sell the complete range of British Leyland cars. A challenging role requiring position for energetic person, having a proven sales record. The successful applicant will be remunerated by way of basic salary, commission, company car, and other fringe benefits. Phone Mr. R. Stevens, 01-459 8858 for appointment.

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Competent PA required for Account Director/Partner, Covent Garden. 2 yrs previous advertising experience essential. Plenty of scope for using initiative. Age 25+.
Tel. Ann 01-436 8722.

STELLA FISHER BUREAU

Commodity Brokers. ECU. require registration clerk. Must have a good knowledge of the commodity market and be able to handle a large volume of work. For further particulars, please call 01-436 8722.

CAPABLE SALESMAN

Person, 25-35, required for our shop to sell antique maps and prints to customers, many from abroad. Robert Downes Ltd., 105 Great Russell Street, London, W.C.1. Please phone Mrs Downes on 01-636 3925.

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VACANCIES AT University College London

TWO SENIOR SECRETARIES
required immediately for the University of London. The successful candidates will be responsible for the day-to-day running of the office and will be required to have a good knowledge of the university and a sound knowledge of the law of the sea. For further particulars, please call 01-436 8722.

CLERICAL ASSISTANT

with good typing, shorthand and office skills. The successful candidate will be responsible for the day-to-day running of the office and will be required to have a good knowledge of the university and a sound knowledge of the law of the sea. For further particulars, please call 01-436 8722.

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NOUS ENGAGEONS UN SECRÉTAIRE/STENOGRAPHE/FRANÇAIS/ANGLAIS/ALLEMAND/ITALIEN/ESPAGNOL/PORTUGAIS/ESPÉRANTO/ETC. Pour un poste de secrétaire/stenographe/interprète dans un bureau de traduction. Pour plus de détails, contactez-nous à Bruxelles. Téléphone: 02-234 5678.

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Enter the world of art as you assist this artist in his work. The successful candidate will be responsible for the day-to-day running of the office and will be required to have a good knowledge of the university and a sound knowledge of the law of the sea. For further particulars, please call 01-436 8722.

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18-21 yrs. for young lady living central London. Must be able to handle a large volume of work. For further particulars, please call 01-436 8722.

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SENIOR SECRETARY

for a large company. The successful candidate will be responsible for the day-to-day running of the office and will be required to have a good knowledge of the university and a sound knowledge of the law of the sea. For further particulars, please call 01-436 8722.

Appointments Vacant

National Maritime Museum Greenwich

Archaeology-Water Transport

Research Assistant

...to specialise in medieval aspects of water transport archaeology. Duties include excavation work on land and in the inter-tidal zone, post-excavation research, and gallery display preparation.

Candidates must have a degree (preferably with 1st or 2nd class honours), or an equivalent qualification, in archaeology or a related subject with a scientific bias; and a sound knowledge of the archaeology of ships and boats, or ability to acquire this rapidly, and the ability to supervise

an excavation and to do measured drawings, essential.
SALARY: (under review) as RA Grade I £5,050-£5,535 or RA Grade II £3,610-£4,100. Level of appointment and starting salary according to age, qualifications and experience. Non-contributory pension scheme.
For further details and application form (to be returned by 28 March 1980) write to Civil Service Commission, Alencon Link, Basingstoke, Hants. RG21 1J5, or telephone Basingstoke (0256) 68551 (answering service operates outside office hours). Please quote ref G/7382.

UNITED NATIONS English Translators/Precis Writers

A qualifying examination for the recruitment of English Translators/Precis Writers will be held on 19 and 20 June 1980 at the United Nations Secretariat in New York, or at any other duty station, namely in Africa, Asia, Europe or Latin America. As recruitment may lead to a substantial number of years' appointments, candidates must have a high standard of English and a good knowledge of the language into which applicants consider themselves qualified to translate. Candidates must have a good command of English and an excellent knowledge of French, Spanish, Arabic, Chinese, Russian or Spanish. Candidates must be at least 21 years of age and must be a citizen of a country which is a member of the United Nations. The salary of U.S.\$10,000 per annum plus per diem and other allowances is payable. Further information and application forms may be obtained by writing to the following address:

PERSONNEL DIVISION (ENGLISH TRANSLATORS) ROOM 268, UNITED NATIONS, PALAIS DES NATIONS, 1211 GENEVA 10, SWITZERLAND.

enclosing a self-addressed self-adhesive label for reply. The deadline for receipt of completed application forms is 11 April 1980.

Mid Glamorgan COUNTY COUNCIL

COUNTY CLERK and CO-ORDINATOR

Salary: £18,882-£19,935 per annum (under review)

Upon the retirement of the present office holder, the Council wish to appoint a successor to commence duties as soon as possible after 30 June 1980. The County Clerk and Co-ordinator will be head of the Council's paid service, act as its Secretary, Solicitor and Legal Adviser and be the co-ordinator of its activities. Application forms and details of the appointment may be obtained from T. V. Walters, Esq., C.B.E., County Clerk, County Hall, Cathays Park, Cardiff CF1 3NE. Telephone Cardiff (0222) 28033, Ext. 113. Canvassing will disqualify. The closing date for completed applications is 28th March 1980.

DEAN AND CHAPTER OF CHICHESTER CATHEDRAL

Applications are invited for the post of Executive Assistant to the Dean and Chapter. The successful candidate will be responsible for the day-to-day running of the office and will be required to have a good knowledge of the university and a sound knowledge of the law of the sea. For further particulars, please call 01-436 8722.

PRIVATE TUTOR required in English

for a private client. The successful candidate will be responsible for the day-to-day running of the office and will be required to have a good knowledge of the university and a sound knowledge of the law of the sea. For further particulars, please call 01-436 8722.

UNIVERSITY APPOINTMENTS

The City University SRC (CASE) RESEARCH STUDENTSHIP IN SPECTROSCOPY
Available from 1.10.80 for the project 'The Development of Inelastic Electron Tunneling Spectroscopy' in the Department of Physics, City University, London. The successful candidate will be responsible for the day-to-day running of the office and will be required to have a good knowledge of the university and a sound knowledge of the law of the sea. For further particulars, please call 01-436 8722.

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the 1990s, the number of people in the world who are under 15 years of age is expected to increase by 1.5 billion, from 1.1 billion in 1990 to 2.6 billion in 2010. The number of people aged 65 and over is expected to increase by 1 billion, from 350 million in 1990 to 1.4 billion in 2010. The number of people aged 15-64 is expected to increase by 1.5 billion, from 2.5 billion in 1990 to 4.0 billion in 2010. The number of people aged 65 and over is expected to increase by 1 billion, from 350 million in 1990 to 1.4 billion in 2010. The number of people aged 15-64 is expected to increase by 1.5 billion, from 2.5 billion in 1990 to 4.0 billion in 2010.

the 1990s, the number of people in the United States who are 65 years of age or older is projected to increase from 20 million to 35 million, and the number of people 75 years of age or older is projected to increase from 10 million to 15 million (U.S. Census Bureau, 1996).



MR MUGABE'S MARXISM

Mr Mugabe says he is a Marxist. Mr Julian Amery says that Mr Mugabe's victory has brought Soviet influence to within a few hundred miles of the mineral resources of South Africa. Sir Ian Gilmour, on the other hand, says that there is no evidence that Mr Mugabe is under Soviet influence. Mr Ian Smith says he discovered in London that Mr Mugabe is a pragmatist. The Russians, meanwhile, seem only moderately pleased by his victory since they gave their main support to Mr Nkomo.

Behind this labelling game there is a serious question, which is whether Mr Mugabe's victory will in fact turn out to be a victory for Moscow. The answer at this stage is that it is unlikely to do so. Africa has not provided fertile soil for doctrinaire communism. In the first wave of decolonisation the Soviet Union made very little headway. By the end of the 1960s Guinea was almost its only success, and even that had faded. In the 1970s it made more headway because it was willing to provide arms to those who wanted them. In Angola it was able to exploit a civil war in which South Africa and the United States were on the other side. Its Cuban proxies remain there because the fighting continues. It made gains in Nigeria because of the civil war against Biafra. It was welcomed in Ethiopia because of the dispute with Somalia and the rebellion in Eritrea. It could make itself useful to Mozambique

because of the guerrilla war in Rhodesia; it may lose influence there now that the war is over. Mr Mugabe is a clever and well-informed man. He knows all this perfectly well, and he knows that the Soviet Union has done relatively little for Africa except provide weapons, military advisers and Cuban soldiers. He must also know that it has little to offer in the way of aid and trade. Its need for raw materials from Africa is limited, and so are the goods it has to sell. It has shown very little interest in helping the poor and the starving. Nor does it offer a particularly encouraging or appropriate model as a political system or a developing economy except to the extent that it provides a theoretical justification for taking power into the hands of one party. The Chinese have shown a more sensitive understanding of African needs but their resources are even more limited.

This does not mean that the Russians will not try to find openings in Zimbabwe. They and their allies will move in with large numbers of troops and advisers and scholarships and technical assistance, and probably arms too. They will find allies among young intellectuals and they will probably be looking for ways of promoting discord between blacks and whites. It seems unlikely, however, that they will gain a determining influence unless things go very wrong indeed.

In the longer run, certainly, they will be somewhat better placed to pursue their interests in Africa. They want to expand their influence there at the expense of the West and the Chinese and win credibility as a friend of developing and non-aligned countries. They want the fruits of their support for "wars of liberation". They are acutely aware of the West's dependence on African raw materials and the sea lanes around the Cape, and would like to dominate them. They also want to prepare themselves for the day when, as they assume, South Africa breaks down. All these aims are, however, served better by slow diplomatic consolidation than by attempts to impose direct control through client regimes, which they probably know is beyond their reach in Africa, where nationalism is always stronger than Marxism.

The Russians are perfectly capable of fomenting trouble. But for the whites in Rhodesia or the governments of the west to panic because Mr Mugabe chooses to flaunt the Marxist label is to risk promoting a self-fulfilling prophecy. Mr Mugabe has his beliefs but he is also, as Mr Smith says, a pragmatist. He may be tempted to use the Russians if he finds he needs them. It should be the object of the Rhodesian whites and of the western powers to ensure that he does not need them.

IN BREACH OF THE CONVENTION?

The first report of the Home Affairs Select Committee on the government's proposed new immigration rules is a disappointment. It is to be hoped that future reports of that and other select committees will reveal rather more of their views than the conclusion that "we do not think it possible or desirable for us to form any judgment. We leave it to members to form their own conclusions on reading the evidence". There is more to the function of select committees than the simple presentation of what they have been told by witnesses.

Nevertheless the report does shed light on the narrow question to which the committee was addressing itself: are the proposed rules contrary to the European Convention on Human Rights? If they are, it does not necessarily mean that the government will feel obliged to abandon its plans. It does, however, suggest that it would have to consider seriously whether it wishes to flout the international

obligations which adherence to the Convention entails. The government has not admitted that the rules might be in contravention of the human rights convention but neither have ministers provided any convincing reasons which might lead to the conclusion that they are not. Nor has anyone else.

The rules particularly under criticism would limit the right of husbands or fiancés to join British women living here unless the women were either born in the United Kingdom or (under a subsequent concession by the Home Secretary) having one parent born here. The evidence given to the select committee leads to the conclusion that the rules would almost certainly be in breach of Article 8 of the Convention, protecting the right to respect for family life, as read with Article 14, which prohibits discrimination on the grounds of sex, race or ethnic origin. The rules might also be in breach of Article 12, conferring on men

and women of marriageable age the right to marry and found a family, as read with Article 14.

The select committee held only two sessions at which evidence was given by witnesses, and it received a few written memoranda. It therefore cannot be said to have investigated the issue before it thoroughly. The quality of the evidence, however, was strong, not least that of Lord Scarman, and it should be given weight by the government. The pity of it is that even if the government's objective in proposing the new rules—reducing abuse of immigration policy by some men from the Indian sub-continent—was accepted, the numbers affected would be in the region of one or two thousand a year, and this would decline as more and more women of Asian origin were born in this country. It is really necessary for the British government to show itself to be in deliberate breach of its moral and legal international undertakings for such a puny result?

WHERE BLACK IS BOUNTIFUL

We are all in it—householders who pay the odd job man in cash, those who use office telephones for private calls, those who rob banks. All are participants in the so-called "black economy", that part of the country's economic life which goes unrecorded by official, especially fiscal, statistics.

Just how big and black the black economy is cannot be known for sure, since it is by definition hidden from public and official scrutiny.

A year ago Sir William Pile, then chairman of the Board of Inland Revenue, said it was "not implausible" that income not declared for tax purposes might amount to 7.5 per cent of the Gross Domestic Product, a proportion which produced a gross amount in those who saw it as evidence that years of high taxation and incomes policy, voluntary and involuntary, had driven a significant proportion of the working population into "fiddling" to make ends meet.

This week there was published an estimate by the Central Statistical Office that the black economy accounts for only just over 3.5 per cent of the total national product. Even allowing for different methods of computation, there is still a very wide divergence between the two official estimates. The CSO poses the question: have tax evasion and other fraudulent behaviour reached epidemic proportions? The answer, if one accepts the CSO's figure, must, in respect of this country, be no; but if one takes Sir William Pile's figure the answer is altogether less certain—though even on his reckoning.

Our economy is not as black as it is used to be, indeed, where "moonlighting" is endemic and income tax evasion is almost a national sport. But any large move in that direction would be deplorable.

In matters of personal finance it is easy to deceive oneself by euphemism. Fiddling tax returns does not sound so bad as cheat-

ing one's neighbour. Yet that is what it comes down to. It is shifting a liability to pay tax on to others. It may take time to work through the system but the arithmetic of taxation and public expenditure means that a shortfall has eventually to be made up.

It would be unrealistic to expect the population of this country to become, to a man, paragons of fiscal virtue, and the £2,000m of lost tax which the CSO estimate implies is probably a figure that has to be lived with. It might even be thought that £2,000m is a price worth paying for the social safety valve which the hidden economy may be said to represent, and for the unrecorded conveniences of service that it promotes. But the conditions which foster the black economy are unhealthy to society. They conduce to corruption. The corruption at first may be petty, popular and even approved, but it can only prepare the way for something a good deal worse.

From Thomas More to Laud, from Canby through Disraeli to Churchill, there has always been an instinct in Britain to bridge into Europe, but this has been countered by the self-preservation and self-justification of another side to the English character. I see the abandonment of the Rome Scholarships in the light of these historical movements and deplore it. In with the Treaty, out with the Scholarship—what an ironic betrayal of the ideals of 1851.

There is another context within which such a decision must be viewed, and of which it is an indication. That fine art, drawing and painting, has been in the forefront of the speculative mind has never in history been doubted. The realisation that a divorce of the fine art mind from the world of design was unthinkable was the cause of the founding of the Society of Arts, the Royal College of Art and the Royal Society of Sculptors. It was a fine art which we will see in the course of the next three or four years is the deconstruction of fine art. It will lose its position as the cutting edge of the inquiring mind on visual matters in favour of some utilitarian design principle, bound up with quantifiable, practical results such as would justify money spent. Such a change would never raise the standards of art and design in England: only a true appreciation of the role of fine art and its proper utilization will do that.

Yours sincerely,
PATRICK REGNIER,
Central School of Art and Design,
Southampton Row, WC1.
March 4.

End of Rome scholarship

From Dr Patrick Regnier
Sir, Professor de Francia's letter (March 4) regarding the winding up of the Rome Scholarships is deeply disturbing. Surely it is ironic that at the very time when these are to be dissolved, the Treaty of Rome which Great Britain ever more firmly to Europe, in an oblique way they are connected.

Victims of Everest

From Mrs Audrey Salkeld
Sir, It was reported in your pages last week that a British body had been found high on Everest last year by a Chinese climber who had himself subsequently killed. It led naturally enough to speculation whether it may have been either Mallory or Irvine who disappeared in 1924 during the first attempt somewhere above 8,450 metres.

Dr Michael Ward, currently in Peking, has been told by Shi Chuan City, leader of Chinese Everest expeditions of 1960 and 1975, how in 1960 they had found a European body just below the North Col (at 8,400m) dressed in "green down clothing". When this was reported at the time, it was considered that it must have been the body of Maurice Wilson, a lone eccentric who attempted Everest in 1924, and whose body, tent and diary were found for the first time in the following year. Though his remains were pushed into a crevasse, it was considered that he might have resurfaced at some time during the quarter of a century before the Chinese arrived. The down clothing was a mystery since the climbers about him wearing a muir's pullover and grey flannels. However, they wrapped his body in his green tent when they buried it. His sleeping bag was not found, so it is difficult to explain the down the Chinese say they saw.

life on the upper slopes. And again, the down clothing is a stumbling block. The only climber to have experimented with down clothing was Professor George Finch, and he certainly did not leave any on the mountain. Down clothing was not generally used by British mountaineers until after the War, by which time the North side of Everest was closed to westerners. The only other plausible explanation is that it is the body of an undocumented climber. At least three people are known to have made clandestine attempts on Everest with little or no help from local men, there is always the chance there may have been another who went completely undetected and perished on the mountain.

However, since 1921, forty-nine people have been killed during the course of expeditions to Everest—16 of these on the Northern slopes, and a further 16 above sea level. There are obviously, therefore, a great many bodies lying on Everest.
AUDREY SALKELD,
Tone Road,
Clevedon, Avon.
February 27.

When contempt law should apply

From Mr Robin Day

Sir, As one who served on the Phillimore Committee on Contempt of Court, I am very concerned at the Government's proposed provisions for changing the law relating to contempt in criminal cases. The Attorney-General is reported (The Times, March 3) as saying that the Government's forthcoming Bill on Contempt of Court would, in criminal cases, make the law of contempt apply from the moment that a summons or warrant of arrest has been issued, or an arrest has been made. This was considered and rejected by the Phillimore Committee.

What the Government propose would admittedly be clearer than the present English law, under which the starting-point is when criminal proceedings are "imminent". But the Government's proposal would be more restrictive for the press than the present law, and more restrictive still than the Phillimore Committee's recommendation. After the most serious consideration, when contempt should begin to apply in criminal proceedings, the Phillimore Committee concluded as follows:

"The choice lies between an earlier moment, such as the issue of a warrant for the arrest, or possibly the actual arrest, of the wanted man and a later moment such as when the accused is charged or first appears in court. The disadvantage of a later date is that it would allow comparatively unrestricted comment during a police search for the wanted man which might culminate at any moment in an arrest and charge. On the other hand, a warrant for arrest is usually issued in private, and even an actual arrest may not, for good reasons, be immediately announced by the police. In these circumstances the public should know whether they were at risk. Moreover, if the wanted man was never found publication would be restricted, at least in theory, as long as the warrant for his arrest still existed. We have come to the conclusion that the right point in England and Wales is the moment when the suspected man is charged or a summons served; and in Scotland when the person is first publicly charged on petition or otherwise, or at the first public hearing of a summary complaint in the case has been made."

It should be emphasised that no one on the Phillimore Committee was in favour of any change in the law which could lead to trial by press or television. But it was very much concerned that the unjust and summary procedure of contempt should be strictly confined to circumstances which involved prejudice to a case before a court, and which could not be appropriately dealt with under some other offence such as the law crime of perverting or attempting to pervert the course of justice.

The Press Council and others concerned will no doubt be taking this matter up with the Attorney-General.

Yours faithfully,
ROBIN DAY,
c/o BBC TV, Studios,
Lime Grove, W12.

Flowers Report economies

From Mrs Pauline K. Ashley

Sir, The Institute of Laryngology and Otology is a small but visible postgraduate institute doing important work, particularly in the neglected but expanding field of deafness. The Flowers Report on medical education proposes that it should be taken over by one of the new large undergraduate groupings. Some link with an established organization of this kind might be beneficial. But to break this institute into pieces and lose them within a vast uncoordinated mass of work, rather than to maintain a considerable financial services would be needed to justify such action, and the Flowers Report provides little evidence of these.

The report over the future of undergraduate medical schools should not divert attention from the position of the postgraduate institutes. Unlike the schools, the institutes do not duplicate each other's work. Each is unique and the loss of any one should not be accepted without careful consideration, particularly as some of the Flowers proposals for change do not appear to arise from a balancing of the likely damage to the specialties against the possible financial gain.

Yours faithfully,
PAULINE K. ASHLEY,
Chairman,
Institute of Laryngology
and Otology,
300-332 Gray's Inn Road, WC1.

This blessed plot

From Mr Alan Fairleigh

Sir, Your correspondent (March 3) suggests that "the allotment craze is over" and that people would prefer to spend more on food than on growing it themselves. Unfortunately they have very little choice in the matter. If domestic food production is decline it is because local authorities fail to discharge their legal obligation to provide allotments.

During the 1970s 62,000 allotments were sold off or developed, while in the same period applications on waiting lists increased by 1,600 per cent. Over 120,000 people in England and Wales are now waiting for allotments—not an indication of declining interest.

Allotment gardening can supplement household budgets to a great extent. The model plot at Witley Gardens yields produce to the value of £130 a year. However, such enterprise can only flourish with the full cooperation of central and local government. The Local Government Bill presently before Parliament would seriously weaken central control over this important and neglected local service.

Friends of the Earth are pressing for the complete withdrawal of these proposals and a strengthening of allotment law so that local authorities will be able to meet the continuing demand for allotments.
Yours faithfully,
ALAN FAIRLEIGH,
Friends of the Earth,
9 Poland Street, W1.

Cuts in the BBC's music services

From the Controller of Music, BBC

Sir, Sir Anthony Lewis's plan (March 3), made on behalf of the Head of Music Colleges and of their students will naturally command sympathy in the musical profession and among music-lovers. The international prestige of this country in music has indeed never stood higher.

The fact remains that an inadequate licence—£34, when we needed £40—has left us no alternative but to reduce and reorganize our orchestral resources. Our proposals, still to be negotiated with the Musicians' Union, will leave us with six orchestras—three symphonic, three light—which is six orchestras more than the number employed by our increasingly profitable competitors in commercial radio and television, and considerably more than any other broadcasting organization in the world.

The BBC will continue to contribute to the training of orchestral musicians through the National Centre for Orchestral Studies and the Royal Northern College of Music. It is clear, though, that we can no longer alone sustain the engagement on contract of 11 broadcasting orchestras.

Yours faithfully,
ROBERT POWSONBY,
Controller, Music,
BBC,
Yalding House,
156 Great Portland Street, W1,
March 3.

From the Marchioness of Aberdeen

Sir, Why Scotland? As an adopted Scot of some 41 years' standing, I find it very frustrating, to say the least, that because the population of Scotland is small, its musical output is considered of no consequence by the BBC. Indeed it is looked on as expendable.

Since the last battle for the BBC Scottish Symphony Orchestra was on some 20 years ago, Scotland has experienced a virtual cultural revolution with the rapid growth of Scottish Opera, music of all kinds, and in particular in musical education—in all of which the BBC Scottish Symphony Orchestra has played its part. And the revolution stretches beyond the shores of Scotland to the rest of the United Kingdom, where the BBC has been a major cultural force.

Why therefore, because we live north of Watford (or Buxton) are we to suffer a major cut, thereby adding to the already overburdened Scottish unemployment problem? I hope the BBC Central Music Department, with its progressive policies, will advise Mr Trethowan to think again. Surely it is not to be made, England could part with one of its Radio Orchestras, leaving the only one in Scotland intact.

Yours faithfully,
JUNE GORDON,
Haddon House,
Aberdeen,
March 4.

From Signor Carlo Maria Giulini

and Mr Ernest Fleischmann

Sir, We were deeply shocked to learn that the BBC intends to disband the Scottish Symphony Orchestra. Eighty highly skilled musicians are going to lose jobs gained as a result of many years of difficult, intense professional training. The richly varied services of this splendid orchestra will no longer be available to audiences throughout the British Isles. An organization

that was responsible for important developments in the careers of such distinguished and gifted conductors as Sir Colin Davis, Sir Alexander Gibson, Andrew Davis and Simon Rattle will disappear as a result of bureaucratic edicts or accountants' calculations.

We have always looked to the BBC with unbounded admiration for the remarkable job it has done in transforming Britain from a land where music was possibly the worst lived, most concentrated centre of musical activity. In fact, here in California we have helped to create the California Radio Music Network, modelled, in a humble way, on the BBC's music services, in order to develop the kind of enlightened and receptive audiences for which Britain is known.

The dissolution of the BBC Scottish Symphony Orchestra would be tragic, not only for its immediate, shattering negative impact on Britain's musical culture, but because it would further encourage those philistines who seek to solve monumental economic problems by withdrawing the minimal financial support needed for the survival of worthwhile arts institutions. We trust that there is still time for second, and more enlightened, thought.

CARLO MARIA GIULINI,
Music Director,
ERNEST FLEISCHMANN,
Executive Director,
Los Angeles Philharmonic
Orchestra,
135 North Grand Avenue,
Los Angeles, California, 90012,
March 4.

From Dr Thomas Messenger and others

Sir, The decision of the BBC to axe five of its orchestras is in itself a devastating blow to the cultural life of this country. To include one of the country's major symphony orchestras in an act likely to have most serious repercussions. A contract with the BBC Scottish Symphony Orchestra has been the springboard for many of Britain's most outstanding conductors, including Sir Colin Davis, Norman Del Mar, and Andrew Davis, to name but three. The orchestra has provided many of our finest soloists and orchestral players with invaluable experience, without which their careers might never have taken flight. Its extraordinarily wide and richly varied repertoire over the past four decades must surely be the envy of other British orchestras.

The loss to Scotland will be no less profound. This orchestra fulfils a function quite distinct from those of the SNO and the smaller orchestras which have matured in recent years. If the BBC's decision is based on the premise that other orchestras will be able to fill the void, they have been mistaken. It must ensure the evidence before fully and in consultation with Scotland's leading musicians and administrators.

Yours faithfully,
THOMAS MESSENGER,
SEBASTIAN FORBES,
N. D. C. CONRAN,
DESMOND THACKERAY,
ROBERT MACOMIE,
DAVID A. PICKETT,
ATIES ORCA,
BRIAN BROCKLESS,
Department of Music,
University of Surrey,
Guildford,
Surrey,
February 29.

tax fraud. When challenged on this the Social Security Minister said that this was not his responsibility, although it was something which the Government was bearing in mind. But at the end of last week the Treasury announced the establishment of an independent committee to review the enforcement powers of the Inland Revenue and the Customs and Excise departments. We are told that this new committee will be asked "to weigh the need to ensure compliance with the law against the need to avoid excessive burdens on taxpayers". Many people are reading this as a prelude to curtailing tax inspectors' powers to crack down on tax abuse. Yet the latest Report of the Board of Inland Revenue details the increase in revenue gained for tax payers by Inland Revenue officers. I give but one example. "In the year to 31st October 1978 adjustments to profits made by local inspectors amounted to about £550 million in favour of the Revenue and about £45 million in favour of the taxpayer" (Cmd 8222, February 1980, p. 11).

It is this failure to maintain a fair balance, and crack down equally on abuses which cost the taxpayer so dearly, which lends credence to the charge that the Government's main motive is to increase public support for the welfare state.

Yours sincerely,
FRANK FIELD,
House of Commons,
March 3.

Monstrous behaviour

From Professor Stuart Kirby

Sir, Mr Gabriel Ronay's information on "Nebie" Ronay's cousin (February 16)—a Japanese master reported in the Soviet Union—is deeply interesting. Are monstrous logists aware that there is also a Japanese cousin? The phenomenon of "Nebie" Ronay reported—eye, and seen by subeyes—in Lake Kuchuro in Japan's northern island of Hokkaido (where I was recently resident). There are photographs of "Nebie" (misty, or "Nebie" (misty) and her "terras rhombopygus" and her "terras rhombopygus" and her "terras rhombopygus" (from time immemorial she has been a she).

Least scoffers opine that the "Japanese always copy everything". "Copy" is now in any case grossly out of date. It is to add that this is an ancient certainty of the aboriginal Ainu, who were in Hokkaido long before the Japanese. They have a beautiful legend that long ago when the world was new, two twin stars fell from the sky. One came down in Lake Kuchuro, the other far away to the west. We now know, into Loch Ness. Ever since, "Nebie" has been calling to "Nebie" (in the local pronunciation)—utilizing, according to a popular Japanese song, the modern method of communicating via the ears—assuring of her remembrance and longing to meet her again.

Sir, this is no anecdote. Evidence has been in the hands of the City Fathers of Inverness, to whom last year the City of Bishiro by Lake Kuchuro proposed becoming a sister-city (what we would call twin-city). Unfortunately this was deemed impracticable because of distance. Japanese scientists have meanwhile been seeking "Nebie" in her bed. I propose a British "Nebie" Expedition, to which my wife and I would be glad to make documentation available.

Yours sincerely,
STUART KIRBY,
Professor Emeritus,
University of Aston,
57 Selly Park Road,
Birmingham,
February 22.

Deterrence with clear intent

From Mr Hugh Hanning

Sir, Sir John Glubb is right in saying (March 3) that to avoid a world war we must be both strong and friendly towards the Russians. But neither of these qualities will be enough unless accompanied by the third member of the triad: clarity of intent. To the Russians, the West's present policy outside the NATO area is not clear. On the contrary, a more dangerous school of western diplomacy is at large, arguing that we should "keep the Russians guessing". I suspect that this emanates from sheer bureaucratic laziness. But whatever its origin, we would do well to remember that both world wars were caused by failure to give the aggressor clear warning, and allowing him to guess wrong. No serious attempt was made to implement deterrence.

Today, no attempt has so far been made in respect of Yugoslavia, though we are being granted several weeks' grace. In spite of all we have learnt about the value of deterrence in the last thirty years, we still seem content to keep the Russians guessing as to what we will do after Tito dies. From repeated inquiries, I am convinced that we are also keeping ourselves guessing.

Deterrence need not by any means necessarily be military. It can be economic. The West still has some powerful economic cudgels with which the Russians would prefer not to hit. In respect of Yugoslavia, one such would be to deny at least involve stringent economic retribution if the Soviet Union upset that country's neutrality. But whatever we intend to do, it is absolutely essential to warn the other side of our intentions—advance. Failure to do this would be precisely the failure of Earl Grey, in the same part of the world, in 1914.

Yours, etc,
HUGH HANNING,
18 Montpelier Row,
Blackheath, SE3.
March 4.

Borstal girls

From Mr Andrew F. Rutherford

Sir, The letter from Mr D. C. Drew (February 27) concludes that the young women locked up in Bulwood Hall Borstal are surely privileged to be in such beautiful surroundings. This comment is in the tradition of earlier rationales for incarceration, such as that propounded by the Superintendent of the Illinois State House for Delinquent Boys in 1902, that delinquents "be taken away from evil associations and temptations, away from the moral and physical filth and contagion, out of the gaslight and sewer gas, away out into the woods and fields free from temptation and contagion, out into the sunlight and the starlight and the pure sweet air of the meadows..."

Mr Drew's suggestion that this policy of penal isolation is alleviated by the presence in the institution of a senior probation officer is unlikely to find favour with the women at Bulwood Hall or their families and friends.

It is 10 years since the late Sir Kenneth Younger and his colleagues on the Home Secretary's Advisory Council on the Penal System were given their remit to review arrangements for dealing with young adult offenders. Bulwood Hall is, sadly, only one of many reminders of the failure by successive governments to implement the recommendations of the Younger Report of 1974 that an increasing proportion of young adult offenders receive non-custodial sentences. The sentencing trend since 1974 has been in the opposite direction, with an increasing number of young adult offenders being sentenced to prison. It is to be hoped that the present Government will take early action to stem the escalating use of penal custody.

Yours faithfully,
ANDREW F. RUTHERFORD,
Senior Lecturer,
Professional Social Work Course,
Department of Adult Education,
University of Southampton,
Southampton,
February 29.

Le mot juste

From Mr F. G. Clark

Sir, I would like to take issue with Ian Murray (Paris Diary, February 27) on a point fact: the final line in the name "Concorde" was not put there at French insistence. It was my son who first proposed the name and the French spelling was adopted because "concorde" was felt to signify something closer and warmer than the more formal "concord".

After working for a number of years in close cooperation with the French, I tend to think that they are fellow-members of the human race and that a report by a French journalist living and working in London on the attitudes of the British would be very much a mirror-image of Mr Murray's entertaining piece. Some doggerel composed by a BAC man working on the Concorde project perhaps makes the point:

Our friends across the Channel
Souk un peu chauvinisme.
They always translate "Anglo-French" as "Franco-Britannique".
I am, Sir,
Your fairly francophile servant,
F. G. CLARK,
18 Rayns Cross Road,
Long Ashton,
Bristol,
February 27.

Matrimonial homes

From Lord Simon of Glaisdale

Sir, Mr Nigel Thompson's letter of February 23 usefully exemplifies a general misunderstanding. He writes as a divorcee whose former wife was held entitled to a third of the value of their matrimonial home. He fears that with co-ownership she would have had a half, and his home would have been lost.

The Bill, however, applies to marriage and not divorce. One of its purposes is to ensure that a wife who stands by her marriage is treated by the law no less favour-

ably than a wife who has recourse to divorce.

If the marriage does break up, the court retains its existing power to redistribute the family property, whatever way is appropriate in the new situation. The court would not be bound to allow the wife to take away her half share. Particularly where young children are concerned, the preservation of a home for them is a prime consideration.

Yours faithfully,
SIMON OF GLAISDALE,
House of Lords,
Westminster, SW1,
March 3.

THE two million citizens of Alberta have always known how to throw a party. Visitors to the Calgary Stampede and Edmonton's Klondike Days will testify to the sore heads and enthusiasms resulting from these events alone, apart from the stamina just to survive.

This year the province has reached a milestone in its history: it is 75 years old, with its birthday falling on September 1. Although the planning began three years ago and the celebrations began on January 1 there is now a momentum to make 1980 a year to remember.

Seventy-five figures largely on everything the province does or produces. The emblem is carried on everything from tee-shirts to pens, from logos to letter-heads and personal cards to car stickers.

Mr Bob Dowling, a former Minister of Business Development and Tourism, is commissioner of the Seventy-Fifth Anniversary Commission. A stocky figure with greying hair, he has a tremendous appetite for the task that was pressed on him.

To get public reaction to its intended programme the commission asked Alberta's citizens to submit ideas on how the birthday should be celebrated and they have so far received more than 1,800 proposals.

Mr Dowling said he wished the commission could have provided funding for all the ideas suggested. The commission has decided to use 200 of the proposals made and it believes they reflect the scope and variety of the submissions received.

A budget of \$75m (about £28m) has been set aside with the largest amount of \$41.3m going directly to those living in the province, with a per capita grant of \$20 which will benefit every man, woman and child and will be distributed to every city, town and municipal authority. In addition Indian settlements and special areas within the province will benefit.

Although some of the projects suggested are bigger than others it was felt that they were of the right quality and cost; among them are conferences and seminars, films, books, and a number of sports and recreations. Among the proposals is one to introduce live theatre to Alberta's deaf community.

Included in the budget figures are several government programmes, among which is the proposal to give 24 carat gold medallions to residents over 75 who were born or living in the province before September 1905. The first child born in the province this year will also receive a gold medal. Silver medallions will be presented to those residents reaching 75 and living in Alberta after the province's formation. Each child born this year will get a silver medallion, the design of which is being kept a closely-guarded secret. The medallions will be given on September 1.

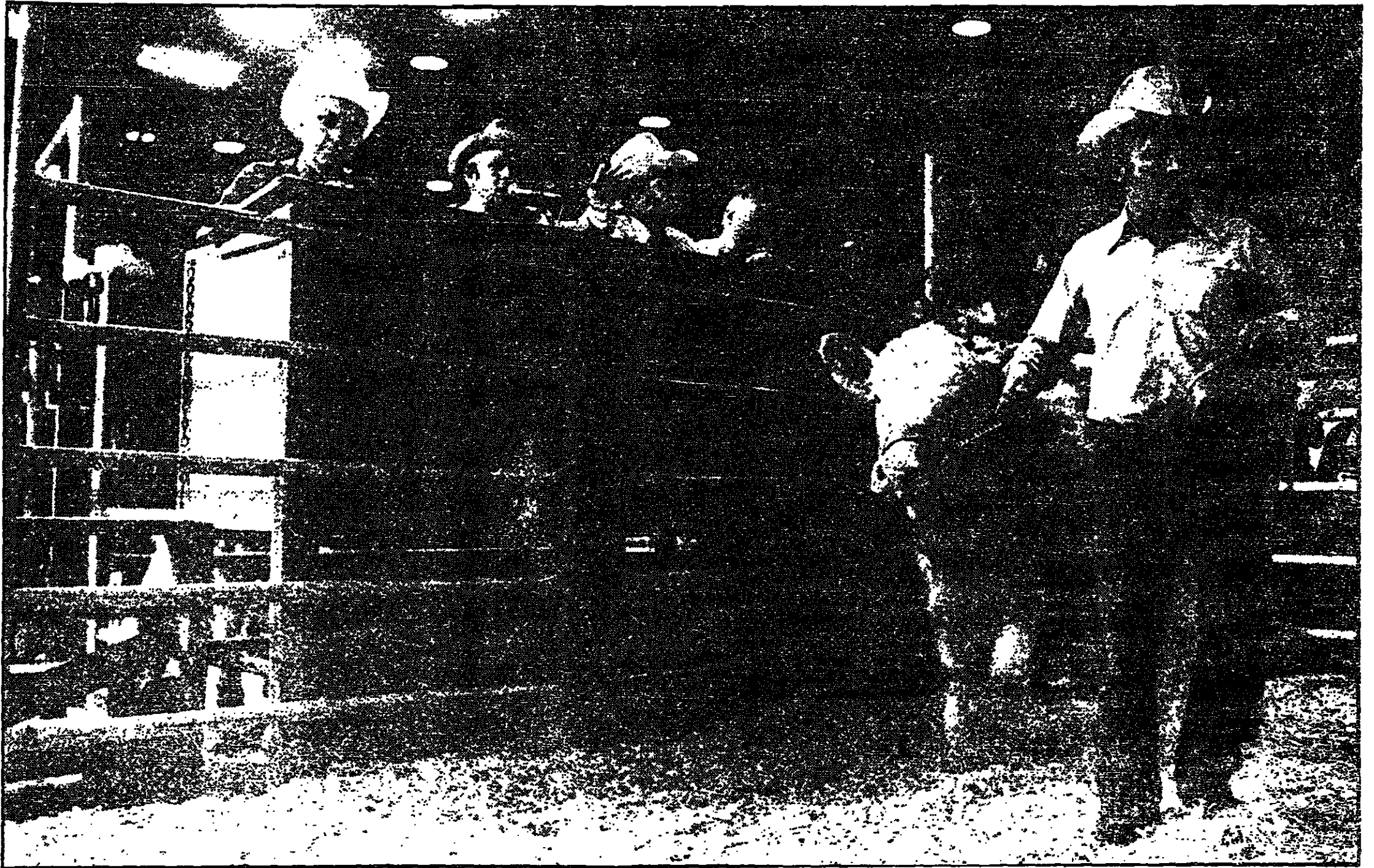
Perhaps the most lasting and ambitious project the Albertans are undertaking is the production of a Canadian encyclopaedia, the first since 1957. It will have 1,700 pages, more than three million words and 300 illustrations, including maps and drawings.

Hundreds of people across Canada will be involved and translation rights will be offered free to a Quebec publisher so that a French edition can appear simultaneously. The work will be printed in Alberta and be published early in 1985. To ensure that all Canadians will have access to the book the province is donating 28,000 copies to every school and library in the country.

Another part of the promotional activity is Homecoming '80, whereby Albertans—abroad or elsewhere in Canada—will be invited home to the celebrations. The first invitation was sent to Sir Peter Gadsden, the present Lord Mayor of London who is an Albertan.

Anthony Jones

ALBERTA



Untapped reserves will last for centuries

It is boom time in the Rockies. Alberta, a strip of a province even by the standards of Canadian history, threatens to dwarf the economic performance of the rest of the country. Such is the hard-edged confidence that nothing—ministers and others in the know assure you—is impossible.

There seems no doubt that prosperity will go on in the foreseeable future. Granted, the oil is finite and the wealth flowing from it of a temporary nature, but there are still enormous untapped reserves of gas; about 300 years of coal; and hydro and forestry resources that as yet have been scarcely touched. Indeed, Canada's Quarterly Provincial Forecast says that in the 1970s real growth in the province was double that of the rest of the nation and in the 1980s its advance will triple that of the other provinces as a group.

This, then, is a province up to its gunwales in oil and gas royalties, but with problems and pressures coming from all directions. Mr Peter Lougheed, Premier of the Progressive Conservative provincial Government, appreciates that there has to be some national recycling of the revenues. But he has warned Ottawa, the federal capital, that unless Alberta is given a substantial increase in its oil prices to the rest of Canada, he will go ahead and set them himself.

Such a move would precipitate a constitutional crisis since trade between provinces is a federal concern. But Albertans are becoming a little angry at the lack of help in allowing Alberta oil to be sold at a price only slightly below that prevailing in the United States, which itself is likely to be paying the world price before the end of the year.

The man-in-the-street shows little diplomacy in putting his view: "It is our oil and the rest of Canada should pay the market price for it. They (the federal government of the day) gave us little help in the 1950s; we got hand-outs while the golden triangle of Ottawa, Montreal and Toronto were cosseted and warm." So strong are the feelings that pickers on cars proclaim: "Let those eastern bastards freeze in the dark."

Newfoundland is not included in these strictures perhaps because the "Newfies" are likely to produce offshore oil themselves within the next five years and change their status from a "have not" province with 25 per cent unemployment. The powerful and respected *Globe and Mail* of

Toronto supported Alberta in a tough editorial last year at the time of the twentieth annual premiers' conference in Quebec. The paper asked if Mr William Davis, the Premier of Ontario, expected his plans for spending Alberta's riches to be taken seriously. It questioned Mr Davis's special pleading that Ontario should have a dispensation at the expense of Alberta, because Alberta happened to have the luck—and the oil—at the moment.

Mr Davis would have Ottawa seize from the producing provinces the oil revenues above a \$2-a-barrel increase. He would have done by negotiation, if possible, but by fiat if necessary. The proposals, *The Globe and Mail* says, are unfair and unsound. Alberta has the same right to use its natural resources to enhance its prosperity as Ontario.

Much of Ontario's industry, it continues, is incapable of competing in world markets because it has been over-protected.

Mr Lougheed, on the other hand, says bluntly: "What is even more objectionable is that it purports to alter the ownership rights of provinces only with respect to oil and natural gas, leaving us rights over other natural resources such as timber, nickel, and hydro as they are at present."

The problem of what to do about oil prices in Alberta is one that will remain the concern of Mr Trudeau's new Government, and it must be resolved if there is not to be a continuation of the crisis that brought down Mr Joe Clark's government last December. So far Mr Trudeau has avoided setting out a coherent energy policy.

Alberta's oil wealth has been explained by Mr Peter Foster, a former British journalist who has written a book entitled *The Blue-Eyed Arabs: the Canadian Oil Establishment*. He states in down-to-earth terms "what that wealth means and what could be bought if wished, with revenue pouring in at \$3,000m (about £1,115.2m) a year, or \$8.64m a day or \$100 a second. It could buy, theoretically, Rembrandt's portrait of his son Titus in five hours and 54 minutes or the Bank of Nova Scotia in a little under 117 days.

In its 75 years' history Alberta has been transformed from a pioneer society—it was originally part of the Northwest Territories—to a dynamic and modern part of Canada. Its past has been largely stable, although it experienced difficult times in the 1930s.



when it was harshly treated. An important event, and a turning point was the discovery of oil at Leduc in 1947. That discovery, combined with a solid agricultural base, has been the foundation from which has sprung the great wealth the province now has. Even so, Alberta is making big efforts to diversify its economy, particularly through an expansion of manufacturing activities. It is using its oil revenues to create petrochemical and food processing plants; and other aspects of the economy which depend on international trends are also benefiting. For example, the province's tourist industry attracts an increasing number of visitors from outside North America; the forestry industry can expand while still allowing timber growth, and there have been huge strides taken in social and cultural programmes. It is understandable that Albertans fight so hard to preserve their heritage. They enjoy the country's lowest tax rates, the highest budget surplus, no sales tax (about 74 per cent in neighbouring British Columbia and 11 per cent in Newfoundland) and the highest investment programme. It is a thriving province with an enthusiasm transcending the often weary cynicism met in the east. Unemployment is low—the lowest in Canada—but the boom has brought its problems. "Going west" has its attractions, but the resultant influx of unskilled workers has created difficulties. "What we must have," a government official said, "is technically skilled people, not just carpenters, plumbers

continued on page 22

Homecoming 1980

This is the year to come to Alberta. 1980 is Alberta's 75th anniversary and you are invited to join in! Come for the special events, the festivals, the pageantry. Come for the fun of it. Alberta's special year can be yours as well. Write for more information to:

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ALBERTA

Mineral and fuel abundance combines with productive and virgin land
to shape the area's future

New industry spreads

For the past 33 years oil has been the driving force behind Alberta's economy. But it took the world energy crisis of 1973 to raise Alberta's oil from a resource of local interest to a resource of national importance. The result has been an increase in the search for conventional oil and gas and a significant surge in efforts to unlock the potential of the province's oil sands and heavy oil deposits.

That surge of interest has attracted the attention of international investment bankers, manufacturers and entrepreneurs. There has been a significant increase in population growth. These factors have combined to create a building boom, both in the cities and in the resource areas which feed them.

Coping with this growth has been the main problem facing the Alberta Government, which is responsible for an area more than twice the size of England, Scotland and Wales.

The demand for high-paid construction workers, for example, has been so strong that Alberta-based manufacturing firms have been hard-pressed to compete for labour.

And while the large influx of well-paid workers has stimulated retail sales (eight of Ford's top 10 Canadian dealer ships are located in Edmonton and Calgary), it has also resulted in land and housing prices quadrupling over the past few years.

Crime rates in Edmonton and Calgary, 180 miles to the south, have both risen sharply as the two cities pushed towards their half million population mark.

Both metropolitan areas in the past two years have issued building permits in excess of \$1,000 a year and that pace is expected to continue this year.

A recent survey by the Toronto-Dominion Bank forecast a 4.6 per cent real increase in the province's economy for 1980—a slight decline from the 5.5 per cent growth of last year and the 6.9 per cent growth of the past decade.

However, the province is on the verge of another wave of expansion, including a third oil sands plant and the first heavy oil recovery plant. These projects are

Peter Brewster
business editor,
Edmonton Journal

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This award will eventually result in the construction of two sawmills and a thermo-mechanical pulp and newsprint mill. BCPC, the Vancouver-based firm, plans to spend \$230m on the three projects and estimates that 1,000 jobs will be created. Mr. Leitch says that other areas could be added to the forestry reserves. "We have the resource; it is a question of when it will be developed."

He feels that the outlook for Alberta's forest industry

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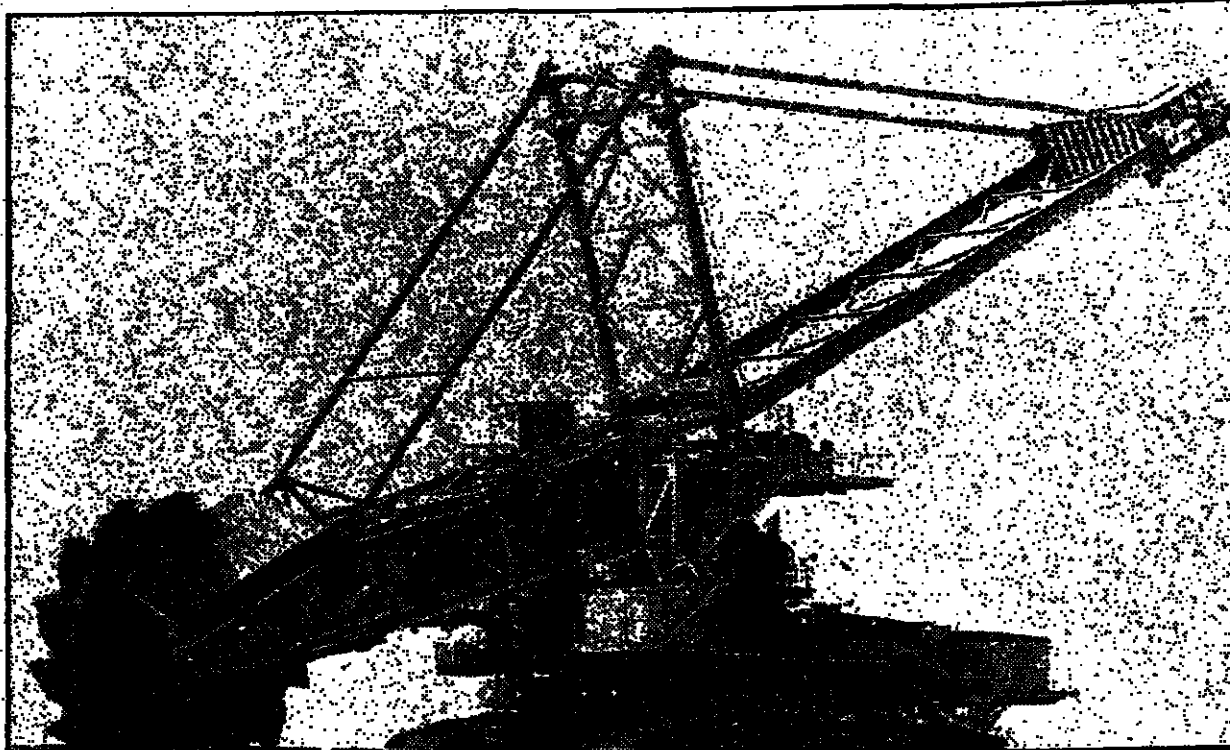
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Energy province is the envy of others



Energy issues permeate almost every aspect of economic and political thought in this western Canadian province of two million people. The petroleum industry, which is involved in exploration, development and production of oil and natural gas, reported \$12,300m worth of production during 1979. The industry's oil and gas production during 1978 was valued at \$9,200m, compared with \$2,300m for agriculture, which is Alberta's other major industry.

Alberta, the energy province, is the envy of other Canadian provinces in view of low unemployment rates, low personal income taxes, continuing provincial government budget surpluses and the Alberta Heritage Savings Trust Fund, which has accumulated \$6,000m and is increasing by more than \$1,000m a year.

Not surprisingly, Canadian Federal Government policies to keep oil and gas prices below international price levels have encountered bitter opposition from both the Alberta Government, which owns the oil and gas resource, and the oil industry, which operates by buying leases from and paying royalties to the Alberta Government.

The Canadian oil price was increased to \$14.75 a barrel on January 1, 1980, while foreign oil, imported by eastern Canada, costs \$32 a barrel. Refineries forced

to use imported oil receive a federal subsidy, amounting to \$17 a barrel, to reduce their crude costs to the domestic level.

More than 80 per cent of Canada's domestic oil and gas production flows from Alberta wells. The Canadian Petroleum Association reports that Canadian oil production averaged 1,500,000 barrels a day in 1979 while natural gas production averaged 187 million cu metres a day.

The oil discovery at Leduc, now a dormitory community for Edmonton,

in 1947 was the first of numerous oil finds which changed Alberta from a sparsely populated agricultural region to a buoyant industrial region.

It was the Arab oil embargo, and resulting Opec (Organization of Petroleum Exporting Countries) crude price increases, however, which made the province wealthy and economically powerful.

The 1970s was the period when the world recognized the importance of energy, Mr. Merv Leitch, the Alberta Energy Minister, says.

Alberta had had very little surplus crude oil production capacity since early 1974. In fact, Alberta oil fields are operating at capacity today and production from these aging fields is on the decline. The Alberta Energy Resources Conservation Board's data suggests that Alberta's crude oil production has declined by 17 per cent in the past six years and similar declines are expected in the next six years.

Despite active exploration programmes, only one significant oil discovery has been made during the past 14 years and oil men admit that the prospects of making any sizable new oil discoveries are questionable.

Mr. Low Hyndman, Alberta's provincial treasurer, says that declining oil production will eventually force Alberta to dip into its Heritage Savings Trust Fund, which receives half the Government's share of oil and gas royalties.

Natural gas exploration has, however, been extremely successful and sizable new discoveries continue to be reported almost every week. In fact Alberta has tremendous gas reserves available for export after ensuring that its own requirements are met for the next 30 years.

The province's reserves of 1,000,000 million barrels of bitumen or heavy oil hold the promise of even greater production levels in the decades ahead. Most of this resource is too deep for extraction by surface mining, which is the only commercially proved oil sands production technology. Even so, there are 8,000 million barrels—an amount equal to Canada's remaining conventional oil reserves—which can be mined economically.

The mined reserves, however,

are not as plentiful as the province's remaining conventional oil reserves.

Alberta's oil sands are often referred to as "the province's ace-in-the-hole."

Alberta's Energy Resources Conservation Board estimates the province's recoverable coal reserves at 15,400 million tonnes, including 2,350 million tonnes of high-quality bituminous coal. The Canadian Coal Association estimates that deeper seams, at present considered beyond economic reach, could contain several thousand million tonnes.

Alberta's first major non-renewable resource industry, but production dipped to two million tonnes annually after railway locomotives switched to diesel fuel in the late 1940s. Coal production increased in the late 1950s to fuel thermal electrical generators, and, in the late 1960s, the first metallurgical coal mines were opened to steel mills in Japan and later Korea.

Alberta's coal production during the 1979 was 13,800,000 tonnes, of which 7,700,000 tonnes was mined by strip operations on the plains for local power plants.

In the foothills, open-past and underground mines produced 3,800,000 tonnes of metallurgical coal for the Orient and strip mines produced 2,600,000 tonnes of high quality thermal coal for power plants in Ontario.

Alberta's 1979 coal production of 16 million tonnes was the highest in Canada. The province's energy board is forecasting that up to 20 new mines, expanding production to 80 million tonnes annually, will be opened in the next 25 years. Three quarters of this production will be for local electric generation. Alberta public services plan to add one 400 MW coal-fired power plant at a cost of \$300m every year during the 1980s to keep up with power requirements. Plains coal is the first choice for power generation in Alberta, because mining costs are so low that power plants, by the end of this decade, are expected to be able to generate electricity for little more than one cent per kilowatt hour.

More coal will also be sold to export markets. Union Oil Company of Canada is seeking government approval to open a 5100m mine, capable of producing three million tonnes of thermal coal annually.

T.C.

Silos in place of the rigs

After Alberta's rich reserves of oil and natural gas are depleted, agriculture will still remain at the heart of the province's economy. Alberta was built around agriculture and its growth will depend on the success of the province's farmers and ranchers, Mr. Dallas Schmidt, the Minister for Agriculture, says.

Mr. Schmidt, a farmer from Wetaskiwin, south of Edmonton, feels that there will be a growing awareness of agriculture's contribution to the provincial economy in the 1980s. And, he foresees public awareness of agriculture's importance, Mr. Schmidt predicts a greater selling job will be conducted by farm organizations and the provincial Government to convince Albertans of the importance.

"I think there is a hell of a future for Alberta agriculture in the 1980s," the Minister for Agriculture says. "I see agriculture as our sole, basic survival industry. It is going to have to be recognized in the 1980s."

While the fossil fuels will eventually disappear, Alberta's rich farmland will remain. And in the 1980s, even more than today, the world will depend on Alberta and western Canada for the area's ability to produce grain and meat.

The loss of productive land around the world will bring greater recognition of Alberta's productive capability," Mr. Schmidt says.

In fact, Alberta is one of the few areas remaining in the world that has virgin land capable of producing crops. New land is being opened up each year in the northern reaches of the province's Peace river country.

Alberta, which accounts for 20 per cent of Canada's agricultural production, has a tremendous future, the minister predicts. The Alberta farmer has the proved ability to produce enough food for himself and 64 other persons, he points out.

Two more massive oil sands projects, each capable of producing 140,000 barrels daily, are proposed for development by 1987. These two projects, which are estimated to cost \$6,000m each, will provide an important stimulus for economic activity in Alberta for three quarters of the 1980s. Construction of both these projects is scheduled to begin in the autumn if the governments of Alberta and Canada and industry can come to a satisfactory agreement on oil pricing and tax.

Alberta's vast supplies of oil and gas are attracting other industries to the province. Edmonton already has three large refineries, and industry plans suggest it will be Canada's largest refining centre by the end of the 1980s.

With the opening of new land in the Peace river region, the use of advanced farming techniques and greater specialization, Mr. Schmidt feels that the farmers and ranchers will continue to be the backbone of the provincial economy.

The goal of Alberta's agriculture is to bring a farm technology subject to change within easy reach of the province's agricultural producers. According to Dr. Art Olson, Mr. Schmidt's assistant deputy minister responsible for research and operations, agricultural technology is changing too rapidly for all but specialists to understand. Strong efforts must be made, he says, to ensure that these new developments reach the farmer.

Al Mainla
agricultural correspondent,
Edmonton Journal



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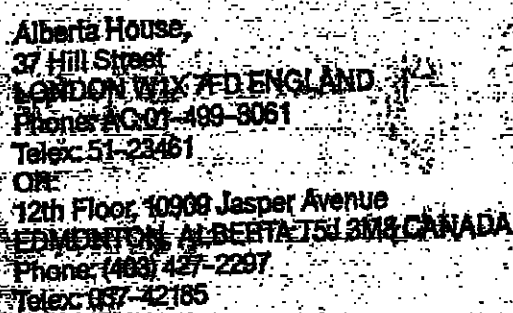
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هكذا اضلح



ALBERTA

The province's new-found wealth is proving a mixed blessing. Charles Douglas-Home, Foreign Editor, looks at the boom and Peter Brewster considers the effect on trade.

Klondike spectre haunts the Treasury

Are there limits to the expansion of Alberta's economic power? It is tempting to study Alberta—its wealth, growth, prospects—as though the rest of the Canadian economy does not exist round it. In fact, what we are seeing is not an economy in the true sense—a political economy covering an area sufficiently autonomous to determine its future in relation to other political economies and the world economy at large—but a sector of the Canadian economy which is endowed with a wide variety of natural advantages and provincial prerogatives.

These prerogatives enable the Alberta Government to exploit its indigenous mineral wealth, and pursue tax and development policies which make the province distinctive from many areas in the rest of Canada.

Distance helps; so does population; so does the environment; so does the provincial tradition of the prairies. For all these reasons we find a distinctive, if not quite self-contained, element of the Canadian economy.

In the past 10 years, Alberta's income from its own national, "non-renewable" resources (oil and gas) has risen from \$218m to \$3,500m. If there is no change in the current tax-sharing arrangements with the federal Government, this figure will total \$50,000m in the next five years, as against the mere \$3,000m which will be Ottawa's share of the spoils.

There is obviously a danger that the rest of Canada will feel it suffers from this distortion in the sharing out of oil royalties and that, as the treasurer of Ontario has said: "Petro dollars, not constitutional lawyers, are rewriting our federal system." But the Albertans vigorously defend their right to their riches.

The key to Alberta's response to this wealth can be found in the province's history. Generations of Albertans have suffered

from a built-in distortion of the Canadian economy which was run for the benefit of the populous provinces in central and east Canada. In the prairies they had to pay high prices for goods coming all the way from the east, while being deterred by a protective tariff from shopping more quickly and cheaply just over the United States border to the south. Moreover, transportation out of the province was never adequate for their needs.

Since 1971 Albertan governments have been hoping to diversify their economy while the oil royalties are coming in so that the narrow economic basis of agriculture and mining can be broadened. When the non-renewable oil begins to run out—either through exhaustion of conventional reserves, or because the cost of extracting the oil from tar sands becomes prohibitive—Alberta will be left with an economy which its planners now hope will have more depth and breadth than it has today.

This means creating not just secondary industries which are calculated to support the primary areas—agricultural support factories, canning machinery, and all the ancillary industries using oil exploration and extraction. It also means creating a tertiary economy which is not so dependent for its survival on the primary products. This requirement goes beyond the need to expand services and facilities so as to meet the demand fuelled by the bulging pay packets of Albertan workers.

Some measure of the difficulty in meeting that demand can be seen from the housing sector alone. Alberta last year had 20 per cent of all Canada's housing starts with only 8 per cent of the population—yet house prices continue to rise on a prohibitive scale.

Indeed, though the Alberta financial authorities try very hard to stabilize Alberta so that it does not become a pocket of higher inflation than the rest of Canada, the atmosphere of the Klondike is never very

far below the surface. The statistics show why.

The province's growth for the past five years has been nearly double that for the country as a whole (35 per cent to 19 per cent). Its income a head is 104 per cent of the national average; unemployment is nearly half the Canadian figure (3.9 per cent to 7.4 per cent); and not surprisingly, the rate of increase in population over the same period has been 16.6 per cent, compared with 5.3 per cent for Canada as a whole.

The difficulty for Alberta's economic management is not that of raising revenue, but of spending it, and of fighting the adverse consequences of spending it too fast. Thus there is a lightweight tax regime both for individuals and companies; and the budget surpluses achieved by the mineral royalties are being used wherever possible to compensate for structural inadequacies in the provincial economy.

The importance of creating other economic sectors which can take up the slack when the oil revenues dip at the completion of conventional extraction, can be seen from the fact that, for every drop of oil output, personal income for Alberta drops by half as much again as for the same percentage output drop in the agricultural sector.

Indeed, though agricultural output has grown by 147 per cent in the past eight years, it still represents only 5.3 per cent of Alberta's gross domestic product. So every effort is being made to fertilize the underdeveloped areas of the Alberta economy. Many research centres are being set up and since they are not likely to be profitable ventures, they are being financed directly by the province.

The Alberta Heritage Savings Trust Fund, which is being used for this purpose, is based on 30 per cent of the province's annual revenue from oil, which is transferred from central funds and is then available for investment, either within Alberta or as loans to other provinces. Although it

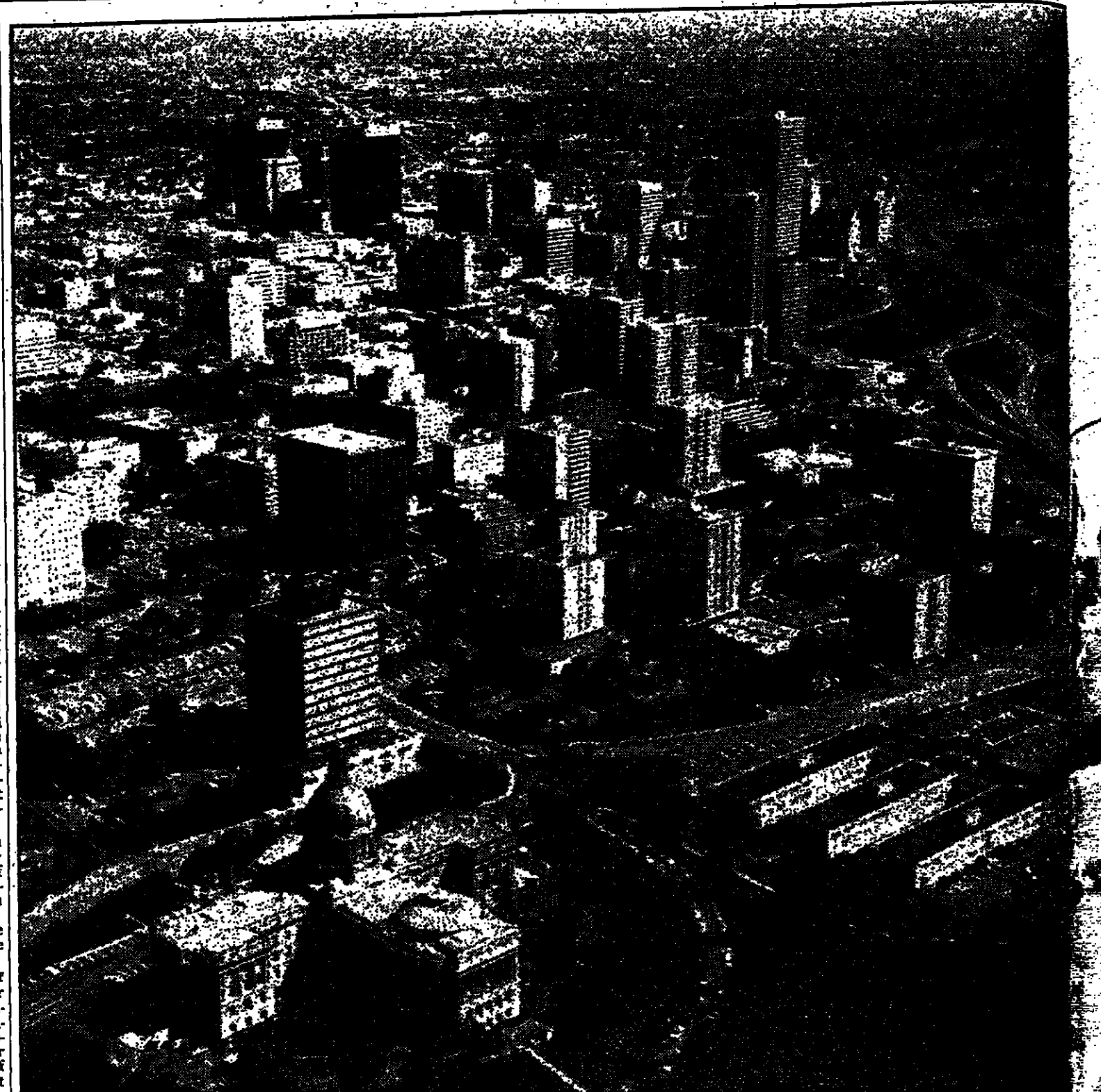
might be more pertinent to remember that 70 per cent of Albertan oil royalties are thus absorbed into the general account each year—enabling lower taxes in the province without detracting from its services—it is the existence of the heritage fund which attracts most comment outside the province.

In Canada as a whole Alberta's economic power is represented symbolically by the heritage fund which will soon grow to a point where it exceeds the entire federal budget deficit of \$14,000m. Alberta will be able to buy influence throughout Canada by funding projects with heritage dollars, and that may be some way towards reducing the institutional jealousies of Alberta's wealth which surface from time to time within the Canadian federal structure.

However, within Alberta itself the existence of all this money for investment does create problems which cannot be absorbed simply by prudent economic management. Alberta is in the same sort of situation as the winner of a football pool windfall. The question is how the new funds can be grafted on to the existing lifestyle without distorting that style to the point where it becomes either unrecognizable or intolerable.

Albertans are naturally in a hurry to restructure their economy with the aid of this new wealth. Nevertheless, that is a process which will take 20 or 30 years before Alberta even has the economic depth of, say, the province of Quebec.

In the political climate of Canada it will be hard for Alberta's economic managers to sustain those policies geared to a gradual restructuring over a 20-year period when the rest of Canada feels it could profit so quickly from the surplus funds which Albertan are hoarding with caution. That may be the reason why Albertans seek to remind their neighbours constantly that the oil may not last very long. They have good reason to remember the parable of the wise virgins.



A bird's-eye view of Edmonton, capital of Alberta, a fast-growing city with a population of more than 500,000.

Yesterday's financial bogymen are today's heroes

In Albertan folklore the international banker has always commanded the same measure of obloquy as all those other bogymen from the eastern and central establishment, whose policies and conspiracies were thought to be totally hostile to the well-being of the prairies.

Imagine, then, the change of climate which Alberta's wealth has brought to its councils when Mr Peter Lougheed, the Premier, can say with pride in his State of the Province address: "The financial centre of western Canada is now in Alberta. It is here, where foreign banks are coming in from Europe and the United States. When you think this through, you will get a feeling for what it means when you are a financial centre. There are good jobs; it has a good multiplier effect. And wasn't it delightful to have the chairman of one of the national chartered banks, that we used to disparage so badly here in this Legislative Assembly, decide that he wanted to operate from Alberta?"

In 1973 there were no European banks in Alberta. Now there are nearly 20. In the past 18 months the following great names of the banking world have arrived: Chase Manhattan, Credit Suisse, National Westminster, Société Générale, Schroders, Crédit Lyonnais and Lloyds.

It might seem surprising

that in an age of jet travel, data links, telephone book ups and so on such physical migration for banking executives seems to be necessary. It is not as though Alberta is a great junction. The answer lies less in the geography of the province than in the nature of the oil business. Where there is oil exploration and a scale of enormous amount of secondary business will also occur in the vicinity, all requiring financial help, coordination and advice.

This financial business in the oil world tends to be done quickly and informally. Risks and probabilities cannot for long be left idle while distant boardrooms indulge in calm deliberation, after careful analysis.

The man on the spot has to be not just a banker, but somebody endowed with reasonably expert knowledge of the oil industry as well. He must inhabit the oil community and also be of sufficient seniority to make decisions concerning millions of dollars, without much fear of countermanding orders from a higher office.

For instance, two Montreal banks have opened a specialist office in Calgary, thereby increasing from about \$2m to \$25m the size of loans which can be approved locally. More and more executive directors, and even bank chairmen, are now moving their offices from the east or central Canada to Calgary or Edmonton, as

this trend becomes more noticeable.

The market follows the money. A host of new-oil or gas issues are now being placed. Yet only 18 months ago it would have been hard to find more than a handful of specialists in corporate banking operations, and trading on the Stock Exchange in Alberta jumped from \$85m in 1978 to \$200m last year. Another rise is forecast for 1980.

However, Albertan officials like to point out that the growth in the province's money market is not only caused by the release of funds from the oil royalties. Unlike some of his fellow provincial or federal leaders, the Premier is as keen to attract incoming investment as he is to invest Alberta's oil funds on development inside and outside the province. "In this province we have a different point of view to Saskatchewan," he says. "I think foreign investment in its resources and related resource areas can be a very good thing. Let's not get so nervous about it. . . . We welcome foreign investors to come here and bring their risk dollars—we don't need their debt dollars."

Nevertheless it is the massive increase in Alberta's own liquid financial reserves, mostly deposited in the Heritage Fund, which provide the main horsepower in the financial sector. The

Heritage Fund, now nearly \$6,000m and destined to reach \$30,000m within five years, is entirely managed by the Alberta Treasury, both in its capital project A.A. He suggested investment and its financial management for those funds which are not being sunk into development projects within the province.

When the provincial treasurer visited the New York financial establishment recently he learnt that the highest credit rating Alberta's prudent financial management and reserves warranted a fo into development projects A. with the last A. Alberta.

But they are not dogmatic. There is a form of Albertan nationalism abroad in the province, but with common sense, that tree will not be allowed to bear fruit. One can admire the free-wheeling independence of Albertans, but foremost they are Canadians, even though they make impolite sounds about their brothers in the east.

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Research on oil and gas to save exports

Alberta wants to develop a balanced economy and lessen its dependence on the export of oil, gas and agricultural products.

The responsibility for promotional efforts in this area falls on the shoulders of Mr Horst Schmidt, Minister of state for Economic Development-International Trade.

In 1978, Mr Schmidt says, Alberta exports were worth about \$5,000m, comprised of \$1,800m-worth of natural gas, \$1,200m of oil and \$1,500m in agricultural products. Alberta's most important market was the United States, taking \$8.7 per cent of these goods, with Japan a distant second at 6.2 per cent of the total.

Mr Schmidt, a super-salesman, feels that the best opportunity for still further to develop international markets is by selling the things its people know best—technical skill in the petroleum and agricultural industries.

The minister recently returned from trips to the Middle East and Europe and at the end of February was off to the Offshore South-East Asia Oil Show in Singapore. He is enthusiastic about the prospect for sales in Mexico and anywhere else that Alberta's small, but competent manufacturers can sell their specialized skills. The minister is also expected to develop joint-venture agreements with foreign firms and Alberta companies.

In Britain, he says, there is a great deal of skill and interest in combining. There have been discussions about joint developments of Alberta coal and plans made to sell some of it to Sweden.

Another area of joint cooperation is in research. This summer, he says, a group from the Alberta Research Council will be visiting Britain to discuss various research topics.

Mr Schmidt said cooperation between British firms exporting manufactured goods and agricultural products into the Middle East is another possibility. The British, he said, have considerable experience in the area, which could be of value to Alberta firms hoping to break into a new market.

Because Alberta's conventional oil and gas has been found in fairly small geological formations at various depths, the province has developed highly complex geophysical and seismic equipment and techniques.

The province is also well advanced in enhanced recovery—techniques for the improved recovery of oil from a field. In Alberta, for example, the average recovery of oil in a field is about 32 per cent whereas in Qatar the average is 22 per cent.

The enhanced recovery methods used in Qatar involve the injection of seawater and natural gas back into the formation, Mr Schmidt said.

Alberta is experimenting with more than 500 different techniques for improving the recovery of oil. To date, the provincial and federal governments have contributed more than \$100m towards these programmes, and that is just one small example of some of the things we are doing," he said.

Doug Branton, regional director general for the Federal Department of Industry, trade and commerce in Edmonton, says more than 50 provincially and federally-sponsored trade missions visited the province during 1979 for a first-hand view of what Alberta's oil and gas manufacturers can produce, the wide array of agricultural products available and to consider investment opportunities.

He, too, is enthusiastic about research and development in the province, particularly as it relates to the electronics industry.

There are now about 150 firms in Alberta's electronics industry, with most of them concentrated in the areas of process controls for the oil and gas industry or communications.

During 1979 Northern Telecom, an affiliate company of Bell Canada and the nation's largest producer of telephone equipment, announced plans to establish an important research facility in Edmonton and to expand its three production facilities in Calgary. Dow Chemical of Canada also announced plans to establish a petroleum recovery centre in the city.

And the provincial Government, through the \$6,000m Heritage Savings and Trust Fund, is encouraging medical research and the development of support industries. Two areas that have received particular attention are laser technology and advanced techniques of drilling and identifying blood groupings.

Untapped reserves will last for centuries

continued from page 19

and tradesmen of that nature. Too many are coming for the quick buck and there are not enough to work in the service industries.

Albertans enjoy a high standard of living, they work hard for it and they see no reason to subsidize the rest of Canada because, for the moment, they happen to have all the oil and gas. The gains must be consolidated. The province supplies about 77 per cent of Canada's oil needs and—although confidential—reserves are dwindling—if the national goal of self-sufficiency by 1990 is fulfilled, it will be responsible.

Albertans are not self-satisfied or grasping; just naturally aware of what can happen in a depression such as they suffered in the 1930s.

Therefore, they are saving for a rainy day, and they

started the Alberta Heritage Savings Trust Fund, which stands at \$5,000m—a drop in the ocean given Canada's national debt. "It would keep the federal Government in funds for about three weeks," an official said. "It would probably pay off the debts incurred by Montreal in mounting the Olympic Games in 1976, with something to spare."

The AHSTF is probably the only fund of its nature in the Western world. The revenue consists of one third of the oil revenue—a non-renewable resource—generated by Alberta; the other two thirds of that revenue go into the general exchequer. The rest of Canada benefits from the fund, as it lends money to less wealthy provinces and to previously wealthy parts of the federation now struggling in a world where inflation rates. In the big fast-growing cities of Edmonton and Calgary, the wealth has brought

its difficulties. Housing has become expensive, and newcomers find it necessary to have both adults out working to keep up with rocketing prices. Considering that Albertans like nothing more than to own land, it is paradoxical that, because of the price, more and more of them are just renting. Those who live in the province have strong views on constitutional matters and say that more and more decision-making should be done in the provinces. They believe the federal Government should consult more closely.

But they are not dogmatic. There is a form of Albertan nationalism abroad in the province, but with common sense, that tree will not be allowed to bear fruit. One can admire the free-wheeling independence of Albertans, but foremost they are Canadians, even though they make impolite sounds about their brothers in the east.

Tourism

Rockies to prairies: a startling contrast

Alberta is an enormous province, twice as big as Spain. Its western boundary, on the edge of the Rockies and its eastern boundary, on the edge of the prairies, are as different as night and day. The contrast is startling.

Each city has one of the big Canadian national parks within easy drive. Edmonton is rather far from Jasper in the north than Calgary is from Banff in the south. The parks are contiguous, running down the mountains on their eastern slopes, joined in the middle at the Columbia Icefield, one of North America's wonders.

There are other glaciers in the Rockies, and Alaska is full of them, but the Columbia Icefield is easily accessible. It sits on the top of the mountains, with rivers of ice flowing down the valleys and visitors go to the foot of it to admire it and to be driven across one of its safer stretches.

Small, tracked buses take a dozen tourists at a time sliding across the ice on a two-mile drive, with a pause in the middle to walk on the glacier and admire the crevasses. There is Ice Age vegetation at the glacier's foot, high moraines in front of it (hills with a core of ice pushed forward when the glacier advanced, left behind when it retreated) and Big Horn sheep everywhere.

The parks deserve an individual mention. From south to north: At the south-west corner of Alberta, snug against the Montana border, is Watagan Park, which runs directly into the much larger Glacier National Park on the American side. There is a beautiful lake, long and narrow, bisected by high frontier, surrounded by high



A beaver lodge in Vermilion Lake, Banff.

Film industry

Wide open as Hollywood of the north

It is doubtful if Alberta will ever seriously rival Hollywood as the film production capital of the world, but it is making a good attempt. It already has the distinction of being the Texas of Canada and is now acquiring the additional reputation of being called the Hollywood of the north.

Its breathtaking scenery—from the Rocky Mountains, the Drumheller Badlands, the prairies and the foothills to the lakes and the modern urban development of its cities—makes it ideal material for film-makers.

Mr. Glenn Ludlow, director of the film industry branch of the Department of Economic Development, says: "Alberta is wide open for film production, as we have the most varied terrain in the whole of Canada. We have made several Anglo-Canadian coproductions here, the most recent being *Alaska*. Maclean's *Beaver* Island, and we have plans for several more."

In recent years Canada has surged forward in the making of feature films. Activity has reached exceptional proportions, particularly in the past two years. According to the Canadian Film Development Corporation, there were about 200 films made in the years before 1978 with budgets ranging about \$65m; in 1977 production amounted to \$65m; in 1978 it increased to \$65m.

But it was in 1979, with five major films made in the province, that the industry really accelerated. Production reached \$150m, and the coming years look like a big production studio and Alberta especially—as a good centre for filming.

Films have been made in Alberta for the better part of 30 years, and the cast lists read like extracts from a Hollywood *Who's Who*. One of the first films made in the province was *Springtime in the Rockies*, starring Betty Grable and John Payne. In 1942 Bing Crosby starred in *Emperor Waltz*, one of the less-enduring films of that decade. Marilyn Monroe and Robert Mitchum filmed *River of No Return* on the Bow River near Calgary in 1954.

Recent films made in the province include *Lost and Found* with George Segal and Glenda Jackson, and part of *Superman* with Christopher Reeve. More films have been made in Alberta than anywhere else in the country, and this emergence as a film-making location has made the province a leader in the Canadian industry. In addition, its indigenous film industry has an estimated growth by 1983 of \$102m.

About four years ago the Government commissioned a task force to find out whether there was potential in the province to support an industry and, if so, what steps needed to be taken for it to become established. The committee reported quickly with the conclusion that there was. Its one proviso was that the province should take advice on marketing techniques in

which, it appeared, it was woefully weak. "We have a long way to go to catch the Americans who are very strong in marketing and distribution, so we go to Hollywood to the major studios and the big independent distributors there."

The Americans are very interested in what Albertans are doing and have formal coproduction treaties with them, as they have with Britain and three other countries in the world. The report of the task force has since been tabled in the Legislature, and the specific recommendations presented are being acted upon. One of the signs of the coming of age of the film industry is that it has formed an Alberta Motion Picture Industry which is now, effectively, the governing body. Not surprisingly, the task force report emphasizes that private enterprise should be closely involved throughout the industry and, even where government intervention was suggested, the report made it clear that the intervention should be limited.

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Only a couple of films—*I'm Going to Get You, Elliot* and *Anne Marie*—the story of the first white woman to go west—were made in the capital until *Fast Company*, a recent Canadian-made feature about drag-racing.

An Edmonton producer thinks that one reason for the emphasis on Calgary is that the city is risk-oriented. "It is the city of private enterprise, of oil, of big financial investment. People are willing to gamble on a venture. Edmonton is the capital city, based on government and Civil Service. People there want safe, sure, long-range work. They are more geared to depend on bread-and-butter contracts. When I'm looking for real investment money I naturally go to Calgary."

A recent announcement by Anthony Jones

The arts

Theatre and music now reach the smallest community

Twenty-three years ago a fledgling civil servant wrote himself an assertive if optimistic memo: "Alberta will become the Mecca for the arts on the North American continent." Today, Mr. Walter Kaasa, provincial assistant deputy Minister of Culture, says: "I no longer begin to think I was right, I know I was right."

The province was subjected to culture soon after it was born. American theatrical companies, England's National Stock Company, and acclaimed character actors began performing in Alberta in the first years of this century. In 1913, Sarah Bernhardt played *Camille* in Edmonton, acting from a couch because her leg, injured in a road accident 10 years earlier, had recently been amputated. The Stratford-on-Avon company came west in the next year, to be followed by such chespiens as Henry Irving and Sir John Martin Harvey and then Tyrone Power, sir, David Belasco, Ethel Barrymore and Margaret Ravellings.

In the 1920s and 1930s musical appetites began to be satisfied with recitals by such artists as Richard Tauber, Lily Pons and Lotte Lehmann, Heifetz, Rachmaninoff and Rubinstein. But the dry winds of the Depression, which turned southern Alberta into a dustbowl, blew the ambition out of these brave little companies. When the economy began to recover, they began to take new heart, the war diverted their enthusiasm. And then came the postwar malaise.

By the time Mr Kaasa joined the department in 1956 its budget—less than \$70,000—was still an "easy" sum in good intentions. Today, the Government pumps \$20m into a burgeoning cultural milieu.

If Government has been the catalyst in the exciting reaction between artist and audience, there can be no doubt who turned up the burner flame. He is a poly-Bavarian—the first landed immigrant in Canada good enough to be on the world circuit of such artists as Szeryng, Fodor and Ricci, Arrau, Cherkassky and Alicia de Laroche—though both, unfortunately, are in some trouble at the moment. In addition, the province has two opera associations. The Southern Alberta, performing in Calgary's 2,770-seat Jubilee Auditorium, was recently formed and is growing fast. Edmonton's association began in 1963 and today is unique in North America, because it has an operating surplus of \$151,000 in spite of a loss last season when it found the fourth night of a four-opera season hard to sell. Before 1978-79 the Edmonton association operated six consecutive seasons in the black.

The province has many, many theatres. A conscientious drama critic could attend more than a hundred openings in one year in Edmonton. And it is theatre which is commanding the attention of the acting and arts community across Canada and beginning to make theatre goers round the world look up Edmonton on the map.

While there is a positive thrust to the cultural pulse of the cities, Alberta has one other special claim to artistic excitement. In the national park of Banff, tucked into a mountainside

above the town, is the Banff School of Fine Arts. After many years of existing on the fanciful ambition of "American rich kids", the school has arrived at a position of accepting only the best students in the performing and visual arts for intensive pre-professional training and exposure. Currently, the faculty is also of the best, among whom are Jeanne Starker, the great cello teacher, William Primrose, since the death of Lionel Tertis, the doyen of violists, Donald McInnes, surely Primrose's heir, the sublime pianist György Sebok, the pre-eminent horn player Barry Tuckwell.

They are just a handful of the exceptional artistic personalities attracted to Banff, and whose teaching is reflected in the high standard of performance in the annual Festival of Arts. Budgeted total \$10m for the major performing arts organizations in Alberta: their audience, close to a million a year. There are hundreds of thousands who go to recitals and free concerts and pour into the art galleries and museums.

"Sure, it's partly the wealth of Alberta that has made this astonishing development possible," Mr Kaasa says. "But more than that, in my mind, it's the great army of people who have worked hard to give themselves and their neighbours a rewarding cultural environment in which to live."

"These people have said: 'The quality of life in Alberta is important to me and it's important to my kids. So let's do something about it.' They have."

Keith Ashwell—drama critic, Edmonton Journal

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THE TIMES

BUSINESS NEWS

State subsidies paying nearly 40,000 wages in shipbuilding

By John Huxley

State subsidies are paying almost all the wages of the 40,000 workers in British shipbuilders' merchant shipbuilding, engineering and repair yards.

After making allowances for cash limits, interventions, fund payments and profits made on shipbuilding orders, subsidies probably amount to £4,000 a head. The average wage is less than £5,000.

Sir Peter Carey, permanent secretary at the Department of Industry, giving these figures yesterday to a Commons public accounts committee, said cuts in the merchant yard work force beyond the 20,000 level recently envisaged would be needed if productivity was to be improved.

A more tight discipline was needed in management and work force if BS was to compete more effectively in world markets, he added.

Shipbuilding was a victim of its own bad management in the past. At a time when the industry had a large share of the world market, management had failed to invest in new facilities and handle business in an effective and efficient manner. There had been a "lack of sharpness in obtaining markets".

These factors had prompted a poor response on the part of the work force. Demarcation problems had arisen and productivity had fallen below that obtained in overseas yards. In some yards, only five hours of the set eight hour day was actually being worked, he said.

Sir Peter blamed this partly on the fear of workers that they may be working themselves out of a job.

He emphasized that he did not wish to knock British management although he agreed that good managers had been deterred from entering BS in the past because of its poor image for labour relations and bad salaries.

Management and work force now realized that unless substantial improvements in productivity were obtained the outlook for the shipbuilding industry was bleak. It was recognized too, that the Government was not necessarily going to come along with money to maintain the industry at a size at which orders could not be won and completed profitably.

He denied suggestions made by BS executives last week that yards were being starved of investment capital. And he gave a warning that before making fresh infusions of capital the government would want to see evidence of greater utilization of recent investment.

This year BS expects to use only £25m of the £48m set aside for investment. Sir Peter suggested that some of the remaining amount was being used to fund other activities. He was unable to say when he thought BS would turn the corner to profitability.

Admiral Sir Anthony Griffin, the BS chairman, had suggested last week that BS's relations with the Department of Industry were an unsatisfactory mismatch. Sir Peter accepted this and there was some discussion of the outlook. Arrangements were not working too badly. He said he knew of no occasion on which BS has lost an order because of administrative delays in the Department of Industry.

Unions want £2,000m agency to aid industry

By David Felton

A new public lending agency with funds of at least £2,000m should be set up to channel investment into manufacturing, union leaders have told the Wilson committee of inquiry into financial institutions.

Mr Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs and a member of the committee yesterday told the House of Lords select committee that unemployment that such an agency would eliminate the "nonsense of British institutions buying shopping malls in California".

Mr Jenkins said: "We are desperately worried about the state of our manufacturing base because at the same time as there is a great deal of savings and money within the United Kingdom."

This view was reinforced by Mr Geoffrey Drain, general secretary of the National and Local Government Officers' Association, who led the TUC delegation at the committee. The country needed controlled investment, not haphazard tax cutting, he said. "We also believe that industry has to be protected by some selective import controls."

Mr Drain said that recent government cuts in employment services would lead to 100,000 people being deprived of special services when the full extent of the cuts were felt.

Mr Jenkins took a "medium-term apocalyptic view" of the economy. "If we see a situation where the true unemployment figure will reach 2.5 million within the next 18 months and I am very concerned for the political stability of our institutions."

The union leaders also argued the need for employees to be closely involved in the introduction of new technology and changing working methods. Mr Jenkins said he had negotiated agreements particularly with financial institutions which provided a four day week while improving efficiency.

Mr Drain said there was a need to change the Victorian attitude that "the Victorian work ethic was virtuous and you must have a feeling of guilt if you don't work."

Budget may hit motorists hardest if indirect taxation is raised

By Caroline Atkinson

Motorists are likely to be harder hit in the Budget than drinkers or smokers if the Chancellor decides to increase indirect taxes.

According to the Treasury, this is because putting up petrol and vehicle tax has a much smaller impact on inflation for every pound of extra revenue than increasing the duty on alcohol and tobacco.

The Government has become extremely keen to minimize the inflationary impact of the Budget. Criticism has mounted over the expected doubling of the inflation rate during the Conservative's first year in office and being put at the Government's door for the sharp rise in value added tax in its first Budget.

The Chancellor could raise £420m of revenue from a rise in line with inflation in the tax on petrol and diesel fuel at a cost of adding an estimated 0.3 points on the retail price index (RPI).

A similar adjustment to the tobacco tax (raising it by the 17.2 per cent increase in prices in 1979) would bring in £200m revenue and add 0.4 points to RPI. To raise an extra £150m by putting up the price of a pint of beer by 14p is likely to put 0.2 points on RPI.

Until recently it seemed almost certain that the Chancellor would decide to raise the duties on petrol, tobacco and alcohol. Their value in real terms has been eroded sharply by inflation over the past few years as successive Governments, with their eye on the

inflation rate, have pulled back from raising them.

The Government's decision to raise all the money it wanted last year from a VAT increase rather than by increasing the specific duties was largely influenced by the still greater impact the latter would have had on RPI. But the Government has become increasingly unwilling to put up indirect taxes in the coming Budget.

The cost of indexing personal tax allowances in line with inflation under the so-called Rooker-Wise amendment would be huge. If the Government raises all allowances in line with the 17.2 per cent rise in retail prices last year it would cost £2,000m.

The Chancellor may decide to put up the allowances only in line with the increase in its

tax and prices index, which would cost about £1,500m.

Concern over the cash crisis facing industry may lead the Government to take measures in the Budget to ease industry's finances.

One possibility would be to lower the 3 per cent national insurance surcharge paid by employers. Another broad measure would be a change in the rate of corporation tax, at present 52 per cent. A cut of 1 per cent in this would cost £85m.

The Government's Budget sums will be eased by a cash limit squeeze on public spending, which should cut £1,000m off the spending bill next year, as well as by the cuts in programmes to be announced this month.

Stock markets

FT Index 4604, up 4.3
FT Gilt 84.31, up 0.35

Sterling

\$2.2415, up 45 points
Index 72.3, up 0.5

Dollar

Index 86.5, unchanged

Gold

\$646.5, up \$9

Money

3 mth sterling 181-184
3 mth Euro \$ 174-175
6 mth Euro \$ 174-175

IN BRIEF

Kuwait key to Racal takeover of Decca

Thirteen investment institutions, including the Kuwaiti investment fund, are expected to be successful in its battle for control of Decca against General Electric Company last month.

Racal's official offer for Decca reveals that the KIO and the other institutions agreed to swing their shareholdings, accounting for nearly 12.2 per cent of the voting capital of Decca, irrevocably behind Racal which was waiting to see whether GEC would offer more.

These shareholdings, of which the KIO was the largest with 5 per cent of the capital, gave Racal bare control of Decca.

Financial Editor, page 27

Loan for expansion

Lifeguard Equipment, a Welsh company which makes safety products, is to get an extra £75,000 loan from the Welsh Development Agency because it is expanding faster than expected. It will be able to double the size of its Rhydymyr works and create an extra 20 jobs. Lifeguard built its factory nearly three years ago, helped by an agency loan of £55,000.

Drugs challenge

Glaxo and ICI are preparing to enter the world's second largest drug market, the United States, which is dominated by Smith, Kline and French of America. The British product could be on the market in two years.

Fidelity jobs to go

Fidelity Radio is to make 98 workers redundant and put the rest of its workforce on a three day week, because of the sharp fall in demand aggravated by the strength of the pound.

Minister raises up

Minister Insurance Group is increasing its premium rates by up to 35 per cent from April 1. The group's companies provide cover for about 600,000 vehicles in the United Kingdom.

Computer link

Thomson Magnetic Limited (T.M.L.) and C.W. Communications Inc. of America are to form a partnership to publish computer-related information in the United Kingdom.

£10m radar systems

A £10m contract for advanced Sea Searcher airborne radar systems for the Royal Navy was placed yesterday by the Ministry of Defence with MRL, a division of the Philips electronics group.

Canadian steel

Canadian steel import production totalled 32,000 tons in the week ended March 1, a fall of 4.9 per cent from the level a week earlier and down 2.8 per cent from 352,650 tons a year ago.

Unemployment falls

West Germany's February unemployment rate stood at 4.3 per cent, down from a rate of 4.5 per cent in January. The number out of work was 992,500.

PRICE CHANGES

Rises	Falls
AAE 12s to 140s	Arb-Labour 3p to 215p
Austrian 2.8p	Caribbean 1p to 14p
Canada 2.8p to 2.85p	U 1st 10p to 640p
IC Gilt 30p to 774p	Kode 2p to 280p
MTD (Alingda) 10p to 120p	Laurent 4p to 40p

Bank	Bank	Bank
Australia 2.8p	Bank of America 11.0p	Bank of India 11.0p
Belgium 2.8p	Bank of China 11.0p	Bank of Japan 11.0p
Canada 2.8p	Bank of France 11.0p	Bank of Korea 11.0p
Denmark 2.8p	Bank of Italy 11.0p	Bank of Mexico 11.0p
France 2.8p	Bank of Netherlands 11.0p	Bank of Norway 11.0p
Germany 2.8p	Bank of Portugal 11.0p	Bank of Spain 11.0p
Hong Kong 2.8p	Bank of Sweden 11.0p	Bank of Switzerland 11.0p
Ireland 2.8p	Bank of Taiwan 11.0p	Bank of Thailand 11.0p
Italy 2.8p	Bank of Turkey 11.0p	Bank of USSR 11.0p
Japan 2.8p	Bank of Venezuela 11.0p	Bank of Yugoslavia 11.0p
Netherlands 2.8p		

THE POUND

Bank	Bank	Bank
Australia 2.8p	Bank of America 11.0p	Bank of India 11.0p
Belgium 2.8p	Bank of China 11.0p	Bank of Japan 11.0p
Canada 2.8p	Bank of France 11.0p	Bank of Korea 11.0p
Denmark 2.8p	Bank of Italy 11.0p	Bank of Mexico 11.0p
France 2.8p	Bank of Netherlands 11.0p	Bank of Norway 11.0p
Germany 2.8p	Bank of Portugal 11.0p	Bank of Spain 11.0p
Hong Kong 2.8p	Bank of Sweden 11.0p	Bank of Switzerland 11.0p
Ireland 2.8p	Bank of Taiwan 11.0p	Bank of Thailand 11.0p
Italy 2.8p	Bank of Turkey 11.0p	Bank of USSR 11.0p
Japan 2.8p	Bank of Venezuela 11.0p	Bank of Yugoslavia 11.0p
Netherlands 2.8p		

Yard jobs protected by £20m defence order

By Peter Hill

The Government and BS consider that the OPV Mark 2 will have considerable world-wide export potential and its acceptance for foreign sale will be enhanced by the Government going ahead for work on the two ships.

So confident was BS that the decision would be in favour of the OPV Mark 2 that it began curbing steel for the first of the ships some months ago, and steel for the second.

Last night BS said men had been kept on the Hall Russell yard in anticipation of the decision which would remove uncertainty facing the yard's labour force.

A BS spokesman said "We are pleased at last to see orders from the public sector coming through as has been promised for some months."

The OPV Mark 2 has major potential and an order from the Ministry of Defence is proof of its excellent sea-keeping qualities."

Business Letters, page 26

Exchange plan for Heron Corp

Shareholders in Heron Corporation, the vehicle, consumer and investment group, are being asked to exchange their stock for shares in a new holding company, to be called Heron International. Listing of the new shares will not be sought.

Heron International will control all the overseas activities of the group. The change is described as a rationalisation of Heron's interests. Heron Corporation will run the United Kingdom affairs, while the boards of HIC and HCL will be identical under the proposals.

Business Letters, page 26

Investigation promised on meat trader

By Philip Robinson
Creditors of Gilmore & Partners, the collapsed Smithfield meat traders, were promised a thorough investigation into the company's affairs yesterday by Mr Alan Sales, the Official Receiver.

The City of London Fraud Squad has already been asked to investigate the company. Mr Sales told the first creditors' meeting since it was compulsorily wound up in 1979 that the company's debts were estimated at £1.8m and put Gilmore's assets at £125,000. He said that allegations which related to how such a small company could run up such huge debts would be fully investigated.

One of its major creditors is J. E. Sager, the publicly quoted meat group whose shares were suspended on Tuesday morning during talks which could lead to more cash being injected into the company.

Sager says it is owed £400,000 by Gilmore, although its liquidity is sufficient to absorb the loss.

Lidstone, the butchery group whose chairman and chief executive was Mr Gerald Stutcher, a Lloyd's underwriter, and also Gilmore's chairman, is an unsecured creditor and has said that provisional arrangements have been made to protect Lidstone from any loss.

Mr Sales told the meeting that Mr Percy Gilmore had stated that the company ran into problems during the 1979 lorry drivers' strike and also because of postal difficulties.

The receiver said that Mr Gilmore's son, Robin, had said later that the company began to buy meat forward but suffered when prices fell.

Cons Gold profit £26m ahead in half year

By Michael Prest

Consolidated Gold Fields, the mining and industrial company, has raised interim profits by £26m up to 24 per cent to £13.6m. City analysts are now expecting full year profits of around £160m, approaching the last year's results.

The company has been on a prime beneficiary of the gold price increase. The news will be particularly welcomed by Mr Harry Oppenheimer, whose Anglo American and De Beers groups have acquired 25 per cent of Cons Gold in a controversial stock market coup.

Cons Gold has also increased its interim dividend sharply from 5p to 10.7p. But the company gives a warning that this is partly to narrow the gap between interim and final payments and should not be taken as a guide to the full payout.

Cons Gold holds 46 per cent of Gold Fields of South Africa, widely believed to be the main object of Mr Oppenheimer's purchase, as well as direct stakes in other gold mines.

The profit share before tax and interest from GFSA rose 43 per cent to £11.2m. Profits from gold dividends, calculated similarly, rose 51 per cent to £12m. Total profits before tax and interest were £80.2m.

But the performance in the

industrial and construction material sectors was also strong. Manufacturing, mainly Ascon, the American company, went up 24 per cent to £13.6m. Construction materials, which essentially means the Amey Roadstone group, did even better, rising by 23 per cent to £24.9m.

Cons Gold points out that gold is likely to prove much more profitable in the second half. Whereas the average gold price received over the last six months was \$360 an ounce, the average over the first two months of the current half is \$567. With gold prices steady at slightly below that figure, the dividends and profits from the mines should rise accordingly.

Annualising the first half results, return on capital is 31 per cent, compared with 22 per cent a year ago. A reduction of £28m in loan capital means that the balance sheet has fallen slightly to £79m.

Looking further ahead, Cons Gold is optimistic about its new silver prospect in Texas and a gold prospect in Papua New Guinea. Although both have still fully to be delineated, the company regards the deposits as exploitable at current market prices. The shares rose 5p to 526p.

Financial Editor, page 25

Meccano court order

Mr Justice Peter Pain granted a possession order in the High Court yesterday to Airfix Industries, enabling the company to regain control of the Meccano factory at Liverpool, which was shut down in November.

Financial Editor, page 25

Hawker contract

Hawker Siddeley Power Engineering has won a £24m contract to provide an electrical distribution system for Wimpere International's potash production plant in Jordan. Wimpere is a contractor to Arab Potash, which is producing potash from brine.

Chancellor invites ideas for use of N Sea profits

By Peter Hill

Suggestions as to how the Government might channel some of the benefits derived from Britain's North Sea oil and gas reserves into the non-oil sector of Britain's manufacturing industry were invited yesterday by Sir Geoffrey Howe, the Chancellor.

At the monthly meeting of the National Economic Development Council, the Chancellor said that he had an open mind on possible schemes, provided they were effective, and the Confederation of British Industry and the TUC had been invited to draft ideas.

The meeting, which was concerned with the macro-economic performance and prospects for the British economy, was characterized by a tension between the three parties to the NEDC compared with the December meeting and the atmosphere was described as relaxed and constructive.

Common ground was established on the need for effective control of the monetary supply but there is still a substantial gap between the Government and industry and union over what form additional measures should take to reduce the level of inflation and to combat the expected rise in unemployment.

The starting point of yesterday's discussions was a paper prepared by Mr Geoffrey Chandler, the director general of the National Economic Development Office which said that prospects for the economy were now more gloomy than three months ago. It was clear that monetary policy alone was not enough if individual decisions continued to be taken by unions and employers without regard to their collective effects.

The Government's "undue attachment" to the single issue of control of the monetary supply came under attack from Mr Len Murray, general secretary of the TUC and other union leaders who called for specific measures to be introduced to boost industry's flagging performance. Failure to do so would lead to Britain facing "10 years of the hair shirt".

But the Chancellor reaffirmed to the meeting, which was attended for the first time by Mr Gordon Richardson, governor of the Bank of England, that the Government considered inflation to be the main obstacle to securing substantial economic growth, and a firm monetary policy was a necessary part of the effort to reduce inflation.

Union leaders and industrialists were told that the sooner pay bargainers brought their pay expectations into line with the Government's monetary guidelines and brought them below the rate of inflation, the sooner inflation and unemployment would fall.

Mr Richardson underlined the message and said: "If we do not defeat inflation now it will march out and defeat us."

Balfour Beatty chairman tipped as next nuclear chief

Man most likely to fit top energy seat

Mr Denis Rooney, chairman of Balfour Beatty, a vice chairman of its parent company BICC, is likely to be the next chairman of the National Nuclear Corporation.

In Mr Rooney, an engineer who has held senior positions within BICC for the past 25 years, the Government appears to have found the answer to an increasingly embarrassing problem which has inhibited the development of its plans for an expanded programme of nuclear building.

The National Nuclear Corporation, as the monopoly supplier and constructor for the nuclear stations in the United Kingdom, is the key to the success of these plans. But a complicated management structure and uncertainties over its role and the type of reactor it was to build, have left it in disarray.

In his statement to Parliament in December, committing Britain to build nuclear power stations at the rate of about one a year for 10 years, Mr David Howell, the Secretary of State for Energy, said that the NNC would have an enhanced role and announced that Lord Aldington, a



Mr Denis Rooney: seen as ideal candidate.

deputy chairman of GEC, which has held a management contract to oversee NNC, would be resigning as its chairman.

The search for a new chairman who would develop NNC as a contractor on simple private industry lines founded

as Northern Engineering Industries, Babcock & Wilcox and GEC, the main private shareholders in NNC, failed to agree on a representative of any one of them taking over, and Lord Kearton, the past chairman of the British Nuclear Oil Corporation, the one man who was acceptable to them, proved unacceptable to the Government.

Having spent a career in the construction side of one of the United Kingdom's largest electrical contractors, Mr Rooney appears well qualified. There seems to be no strong objection from any of the main shareholders within NNC to his candidature and as his name seems to have been put forward by the Department of Energy, there should be every chance of agreement at last being reached.

It is, however, still not clear whether Mr Rooney will prove acceptable to the Government. The Prime Minister has taken a strong interest in the nuclear programme and the nuclear industry and will have to agree to the choice.

Nicholas Hirst

LONSDALE UNIVERSAL

Otherwise satisfactory trading hit by high interest charges

	1979	1978
Turnover	£36,882,000 (Up 22%)	£30,180,000
Trading Profit	£2,403,000 (Up 10%)	£2,180,000
Interest	£949,000 (Up 70%)	£562,000
Pre-tax profit	£1,454,000 (Down 10%)	£1,618,000
Earnings per share	11.90p (Down 14%)	13.82p
Dividend (inc. tax credit)	7.3899p (Up 19%)	6.1766p

Main points from the review by the chairman, Mr Norman Ramseyer

- Store disposals to reduce borrowings
- Greater involvement in computers and word processors
- Further Australian acquisitions

Copies of the Report & Accounts are available from the Secretary, Lonsdale Universal Ltd, York House, Great West Rd, Brentford, Middlesex TW9 9AB



\$2m refund agreed over repossessed vehicles

General Motors Acceptance Corp., a subsidiary of General Motors, has agreed to refund \$2m (£897,000) to consumers involved in repossession cases, the federal Trade Commission has announced in Washington.

The settlement concerns repossessions of cars and trucks since 1974 by GMAC, the commission said in a statement.

"The agreement settles FTC charges that in many instances GMAC conducted 'sham' sales that deprived customers of surpluses to which they were entitled from the sale of repossessed vehicles," it added.

Oil tax protest

Norway's federation of industries has complained to the government that plans to tighten taxation on offshore oil companies could deter investment and affect the nation's industry in general.

Move on TV curbs

Japan will seek an end to its voluntary restrictions on colour television exports to the United States, the electronic industries association said in Tokyo. A public hearing on the issue is to be held in Washington by the United States International Trade Commission.

EEC output rises

The EEC's December industrial production index increased by 1.8 per cent in a month and 4 per cent in a year to 121 (1975 equals 100). It was the strongest increase since February 1979.

Steel production up

West German crude steel production rose to 3.81 million tonnes in February, up 4.3 per cent from January's level. Production in the first two months of 1980 was 7.46 million tonnes, an 11.6 per cent increase on the figure a year earlier.

Smaller trade surplus

Canada had a seasonally adjusted merchandise trade surplus of \$271m in January, compared with \$638m in December. Exports totalled \$3,960m in January, down by 0.9 per cent, and imports were \$3,689m, an increase of 6.2 per cent.

Recession hits jobs

South Korea's unemployment rate to 3.8 per cent in 1979 from 3.2 per cent in 1978, reflecting a recession in the national economy, the government announced. The number of jobless totalled 542,000 in 1979, a rise of 100,000.

Machinery orders

Industrial machinery orders in Japan in January totalled about 373,000 yen, a fall of 6.9 per cent from December's level but up 18.1 per cent from the figure a year earlier.

Higher gas imports

West Germany imported 43,800 million cubic metres of natural gas last year from the Netherlands, Norway and the Soviet Union, an increase of 13.6 per cent on the 1978 figure. Domestic natural gas production covered only 35 per cent of demand against 39 per cent in 1978.

Registrations soar

Japanese motor vehicle registrations increased by 48.7 per cent in February to 333,800, against a total in December of 234,000. The figure was 2.3 per cent higher than in February last year.

Improving trade climate may continue despite jailing of Briton

Business opportunities grow in Iraq after expulsions set back in 1978

Britain's troubled trade relations with Iraq, the second largest oil producer in the Organization of Petroleum Exporting Countries, and the country widely foreseen by project consultants as presenting the best sales opportunity in the Middle East in the next two to four years, had just begun to improve before the arrest of a British businessman who was jailed for life here last week.

Trade with Iraq has been conditioned by politics and British exports fell last year to £201m from £216m in 1978. This followed the expulsion of several Iraqi diplomats in August 1978, a few months after General Abdul Razzak-Karim, a former prime minister, was assassinated in London.

Although never officially announced, an effective trade embargo was placed on British goods. It took a visit by Lord Carrington, the Foreign Secretary, in July last year to cool the tension and relations and trade have improved steadily since.

"In our view Iraq certainly has as good a potential as Saudi Arabia," said Mr Sydney Peschment, director of consultants, Architects Co-partnership, yesterday. His company has been active in the Middle East in recent years and, despite the jailing of Mr John Smith, had no hesitation

in going ahead with plans to send a three-man team to Baghdad last week.

The company has won a consultancy contract involving demolition of a hospital in Baghdad and its replacement with a new one of 1,000 beds. A sister company, Northaw Engineering Consultants, has a contract for another hospital, and Mr Michael Grace, managing director of Architects Co-partnership, is hoping to negotiate fresh business while on the current visit.

"There is certainly a tremendous potential in Iraq for United Kingdom contractors, equipment suppliers and general manufacturers," said Mr Peschment, "but we did not see many of them active there when on another visit just before Christmas. The Japanese are most evident and so are the French to a certain extent, with the Yugoslavs and Italians involved on a particularly large hotel project."

The absence of British companies arises not doubt from the strained political relations, but they will certainly be attempting to get into the market in the near future. With the doubling of oil prices last year, Iraq increased its production by between 25 and 30 per cent to make up the shortfall created by Iran.

The country's five-year plan is coming to an end this year and the new plan to

be launched shortly will contain a huge amount of fresh business. This year's investment programme is worth \$16,000m (£7,175m) and imports in 1980 are expected to be worth \$13,500m. Among large projects are the improvement of the port at Basra and a new airport. There will also be a stable number of industrial schemes.

Whether Britain succeeds in gaining much more business will to a certain extent depend on whether there is a particularly strong protest at the severity of Mr Smith's sentence, although it is considered unlikely to disturb the present improving trade picture.

Mr Smith was convicted under a law governing the use of agents in Iraq which forbids "illegal mediation". The government is determined to keep an extremely tight rein on what is virtually a state-controlled economy. The law makes it illegal to employ any agent who is not registered and approved by the government.

The overheating of other Middle Eastern economies has pushed many foreign businessmen into Iraq for the first time. Doubtless many will go without appreciating that business practices are substantially different there.

John Lawless

Mini Metro launch planned for October

By Clifford Webb

British Leyland's new Mini Metro will be launched in October with an updated version of one of the company's existing engines. Later models may be powered by a Japanese Honda engine.

The deal has not yet been completed, but reliable sources suggest that the Honda power unit will be built in Britain under licence in about two years' time.

BL's existing deal with Honda calls for a medium-sized Japanese family saloon to be assembled at its Cowley plant next year. It will have a British-built body but the engine and transmission will be imported.

Initially the Metro will be powered by an updated version of the long-running "A" series BMC unit, fitted to the whole of the existing Mini range and the smaller-engined versions of the Allegro and Marina.

With the Metro project already costing £275m, it was clearly impossible for the financially strained group to gamble a further £100m on the development of a new engine incorporating advanced technology to cope with the fuel economy and low pollution requirements of the next 10 to 15 years.

In any event, BL did not, and does not, have sufficient engineering capability to undertake such a project in addition to its existing new car programme.

It is understood that during talks with Honda BL engineers were shown two engines in the final stages of development which impressed them. The smaller of the two immediately suggested itself for the Metro.

Neither Honda nor BL is big enough to put advanced new engine families into production in sufficient volume to make economic propositions of them. Acting together, however, it is a different story.

Last night, a BL spokesman said: "We cannot comment on something which may or may not happen."

But Mr Ray Horrocks, managing director of BL Cars, told a conference at the Geneva Motor Show: "We have established a joint working party with Honda to explore other areas for co-operation. Our attitude is that we must go step by step and our major priority is the successful introduction of the first model. We are now very much committed to further collaboration."

Libya considering cut in oil production

Tripoli, March 5.—Abdulsalam Zagar, the Libyan oil minister, is considering a cut in oil production. But he does not want to use oil to destabilize the west. Libya's future production would depend on the results of technical studies now underway, he said.

Our reserves have been overproduced for the past five or eight years and a cut in production is under study. If technical studies prove we have to decrease it and close some fields, we shall do so," he said.

The minister said Libyan production was about 2.1 million barrels a day but declined to estimate future output. Libya was not interested in earning a large investment surplus over its immediate needs, he said.

Referring to Saudi Arabia, he said: "Frankly, we think they are overproducing their fields. Their efforts to stabilize, to hold down inflation in the industrialized countries, have been at the expense of their own resources. They have a surplus surplus that inflation is eating."

The minister said Libya's increase in oil price to \$36 from \$14.50 in little more than a year was a response to inflation, not the cause of it. If consumption continued to rise, inflation, future increases could at least come regularly and not erratically as in the recent past.

"We need to sit down together and look for a formula for regularizing prices," he said, mentioning possible indexation with a basket of currencies or products.

The state-run Nigerian National Petroleum Corp plans to spend \$488m (about £220m) to build an oil refinery. The funds planned for exploration will be matched by an additional investment of 213m naira from nine companies operating with the state group.—Reuters and AP-Dow Jones.

Dearer Algerian gas likely

Paris, March 5.—Sonatrach, the Algerian state-owned oil company, is reported to be planning an "exploration fee" for its liquefied natural gas exports, as is already the case with the \$3 tax imposed on each barrel of crude oil shipments.

According to French industry sources, the exploration fee is among the new financial terms which Algeria is seeking during the renegotiation of all liquefied natural gas export contracts.

Other terms are said to include a new base price of about \$6 per million British Thermal Units (BTUs), the indexation of the base price on that of crude oil, and the standardization of

Inquiry on E German 'dumping'

The Department of Trade is setting up a study into allegations that East German clothing is being "dumped" in Britain by being reexported through West Germany.

The move follows extensive lobbying by the British clothing industry, which says it is unable to compete with the price level of the imports. Some of the small High Street shops which sell them are reported to have offered wool suits for as little as £8.

Mr R. W. Gray, the department's deputy secretary, revealed plans for the study yesterday during a hearing of the Commons select committee on the industry.

One measure being considered to prevent the evasion of import quotas was a system of more detailed sample checks at customs, he said.

"I think there is a leakage here. I don't think it is a major thing but it could become more important. We will take steps to make sure it is checked off," Mr Gray said.

The trading status between East and West Germany, which enables East German garments to be reexported to Britain, was criticized by a number of members of the committee. Because Bonn treats East and West as one nation in trading terms, manufacturers in the East who would be subject to quotas if shipping direct to Britain, can move clothing into West Germany without restrictions.

If rebalanced there, it can appear to be of West German origin and evade quotas by purporting to come from a member of the EEC.

Imports 'destroying chemicals industry'

By John Huxley

Britain's chemicals industry could join the list of sectors destroyed by imports if measures to beat a developing crisis are not taken, Mr Roger Lyons, national officer of the Association of Scientific, Technical and Managerial Staffs, said yesterday.

In the past the industry has been a large contributor to Britain's trade balance. Last year it earned a positive balance of £1,500m. However, Mr Lyons told the ASTMS chemicals conference in Bristol that cheap imports from the United States, where producers are supported by artificially low energy and feedstocks, were being dumped in huge quantities on the British market.

"These are striking at the very heart of the industry. Even ICI, BP Chemicals and Shell Chemicals are threatened by the onslaught from across the Atlantic," he said.

The recent derogatory quotas directed at curbing American growth in the industry were a classic case of fiddling while Rome burns.

Mr Lyons said that the United States was not the only source of Britain's troubles. "All the leading companies manufacture in the US and are now dumping their goods in the United Kingdom as well as the United States. The industry is sucking in imports from continental Western Europe at unprecedented levels."

The removal of controls on overseas investment had boosted

expansion outside Britain. Meanwhile, the over-valuation of sterling was killing British efforts in the export market. Job security in chemicals and plastics was seriously threatened.

He gave a warning that white-collar workers in the chemicals industry would not stand to one side while North Sea oil and gas feedstock was shipped increasingly to America and the Continent, often returning to the United Kingdom as added-value specialty chemicals, plastics materials and consumer goods.

A devaluation of up to 50 per cent over the next two years, combined with selective import controls were needed if the manufacturing base of Britain was to be rescued from its calamitous decline.

Knitting sector worried about future of textiles

By John Huxley

Uncertainty over future arrangements for international trade in textiles is preventing companies from formulating realistic investment programmes, according to an industry sector working party report published today.

The Knitting Sector Working Party, in a report for the National Economic Development Council, says it is most concerned at the slow pace of the renegotiation process, which will lead to a new multi-fibre arrangement (MFA).

The present arrangement, which provides the basis for orderly marketing of textiles, is due to be renewed in 1982. Knitting industry representatives believe the terms must be agreed on the basis of a stable exchange rate to be avoided.

According to the working party, which is headed by Mr Ronald Halstead, of Becham Products, the Government is holding back as long as possible from starting their policy as regards the new arrangement.

"It is essential that the United Kingdom Government and industry become involved in the preparation of the Commission's policy rather than responding to it in a piecemeal way," the working party says.

The working party, which includes government, union and employers' representatives, is concerned that the growth rate of the quotas imposed on imports should not exceed the expected rate of increase in the consumption of knitted goods.



Mr Ronald Halstead: working party concerned at slow progress of talks.

The report says that export performance has been hit by the high level of sterling, and that the industry is unable to raise the necessary production finance. The working party is now to study the relationship between working capital requirements and the industry's ability to meet market opportunities.

Meanwhile, Mr Carl-Henrik Winquist, secretary general of the International Chamber of Commerce, gave a warning yesterday that MFA talks were going to be very tough. Industrialized countries faced serious economic difficulties.

"Knitting SWP Progress Report 1980, NEDO Books, Steel House, 11 Trenchard Street, London SW1H 9LJ.

Finding true cost of Polish ships order—the final bill?

From Mr Paul Slater

Sir, It is most disturbing to see the financial realities of the sordid British Shipbuilders transaction with the Polish government emerging like leaking oil from a sunken tanker. Despite the protestations of British Shipbuilders about the true cost of some £50m for the British shipbuilding industry, it now appears that not only did the taxpayer provide some £30m of subsidies to cover this order, but is now going to have to stand at least £40m of further losses arising during the construction of the ships.

Is this the final bill or are there more unpleasant facts to be revealed from the yet unpublished details of the Anglo-Polish shipbuilding company set up to buy and charter these ships to the Polish government?

What has been the additional cost in the British taxpayer of providing subsidized finance to the Polish order?

It is disturbing to recall that the former Secretary of State for Industry, under the last government, should have told the House of Commons in December, 1977, that this particular order would not cost the British taxpayer any more than £28m in subsidies.

The present government is currently seeking a replacement for the chairman of the Anglo-Polish Shipbuilder. Hopefully the government will take this opportunity to review the whole management structure of British Shipbuilders in order to prevent any further wastage of public funds.

Yours faithfully,
PAUL SLATER,
President,
Oceanic Finance Corporation Limited,
80 Cannon Street,
London EC4N 6EH,
March 4.

From Mr Cameron Brown

Sir, Mr Roper's letter (March 1), reacting with anger to the recently announced increase in the cost of the Polish shipping order, was predictable. The figure of £40m certainly appears to vindicate all the critics of this transaction but none of the newspaper reports which I have seen attempts to analyse the causes of this "loss". They consist, I would suggest, to a large extent of the subsidies

given by the Export Credit Guarantee Department to reduce the cost of interest rates from the market level, now at a record high of about 17 per cent for dollars, to the OECD average of 7 1/2 per cent. This subsidy applies to all exports of ships and other capital goods to all non-EEC countries (with minor variations of 3 per cent for 3 per cent on the interest rates). A similar interest subsidy is made available to domestic owners ordering ships in the United Kingdom.

Mr Roper might also reflect on the fact that various members of the General Council of British Shipping are currently benefiting from the cheap finance and the cheap labour costs prevailing in Poland by purchasing vessels built in their yards.

To react to this particular transaction as Mr Roper and many others have done by claiming that it has encouraged the development of the Comecon fleet to the detriment of the United Kingdom fleet is in my view simplistic in the extreme. The Comecon nations will continue to expand their fleets for both political and economic reasons—one good and simple reason being the need to earn foreign exchange. If the United Kingdom had not built these vessels they would have been built by another country with consequent costs to our balance of payments, the strategic plan for the shipbuilding industry, the jobs of 8,000 men, the social security budget, the steel industry, the marine supplies industry, etc.

It should be noted that since the United Kingdom won this order the Poles have negotiated similar transactions in France (with a much higher subsidy), Brazil and Spain. They plan a continuing expansion and modernization of their fleet. For British Shipbuilders to follow a course founded upon the chauvinism of British shipowners will not solve the problems of Comecon competition but will certainly only exacerbate the problem of the shipbuilding industry for whom the Comecon shipping companies are one of the largest potential customers.

Yours faithfully,
CAMERON BROWN,
10 Hillside,
Wimbledon,
London, SW19,
March 3.

Case for Saudi Arabia to raise oil surplus

From Mr Charles F. Snow

Sir, Mr Kimche in his letter in *The Times* on February 19, is suffering his usual confusion as to what is at issue and what is at stake. The figures he cites for the growth in Saudi foreign assets reinforce Shaiikh Yamani's arguments, which Mr Kimche is either misunderstood or misrepresented.

These run something as follows: Saudi Arabia has been producing oil in excess of its financial requirements to meet world demand—hence the dollar surplus Mr Kimche finds so odious; given inflation rates and the behaviour of the dollar, these surpluses have been securing a losing value in real terms; and unless the Saudis can be given some kind of assurance that this process is not going to continue, they may finally decide to pursue their own economic self interest and stop exchanging an appreciating asset for a depreciating liability.

Neither Saudi Arabia nor any other member of Opec is going to discuss oil prices with the consumers (why should they?); and no oil prices are not going to come down.

The only way the Saudi surplus is going to diminish is if the Saudis decide to raise their oil production to their financial needs, and heaven help us all if they do that. The last published figures for Saudi government expenditures put these at \$32,300m in the 1977/1978 financial year.

Let us posit that they are now running at \$40,000m annually. At an average price of \$25 a barrel for all grades of Saudi crude this year it takes only a few minutes at the calculator to work out that an average output of 4.4 million barrels a day would bring in enough revenue to reduce to this level would take five million barrels a day off the market overnight. Not a very good idea from the consumers' point of view. Mr Kimche per contra, let us all hope that the Saudis continue to run—and even increase—their surplus.

CHARLES F. SNOW
PO Box 4940,
Nicosia,
Cyprus.
80

Chipping in for industry

From M. I. N. Mombtchloff

Sir, Your article on the problem of finding cash for micro-electronic ventures (March 3) may have left your readers with two false impressions: that there is a limit of £2.5m to the funds at Technical Development Capital's disposal, and that an entrepreneur with little money will find raising finance from us extremely difficult. Neither impression is true.

The £2.5m budget you refer to is that of a small, specialist part of TDC, called TDC Development; it is no more than a budget and we will be delighted if it is exceeded. There is effectively no limit to the investment

that TDC can make, since it has the full resources of Finance for Industry behind it.

As for the entrepreneur without money, it all depends on what he wants to do and whether he is capable of doing it; ICFC and TDC back people with very small personal resources as a part of their day-to-day business.

Incidentally, elsewhere in the same issue, TDC is described as state-run, which it is not.

Yours faithfully,
I. N. MOMBTCHLOFF,
Executive Director,
TDC Ltd.,
81 Waterloo Road,
London SE1 8XP.

Why agriculture must have priority in queue for fuel

From Mr J. A. C. Gibb

Sir, It is only to be expected, in the anticipated circumstances of limits on the future availability of petroleum fuels, that interested parties should begin to make claims for priority in the allocation of fuel supplies. Such a claim on behalf of road haulage was reported in your issue of February 19.

There is one industry, however, which is at present only some 5 per cent to 7 per cent of United Kingdom petroleum supplies, on which all of us are dependent for more than half of the food we eat, and that is farming. Those who seek priority for their own interests would do well to consider how long these activities could be sustained in the

absence of domestically-produced staple food.

Agriculture, more than any other industry except perhaps aviation, is dependent on the use of readily transportable fuel of high energy density, and it is not easy to envisage means of changing this situation short of a major social revolution which compels millions of people to return to work on the land. Even then it is doubtful if they could possibly produce as much food as our present mechanized farming, let alone the increased amounts certain to be needed in future.

We cannot depend indefinitely on the grain and oil imports from many of the countries now providing the balance of our food supplies, in the

Economic lessons from 1930s

From Mr Edward Holloway

Sir, In the current debate on Britain's road to hyperinflation I suggest there are some lessons to be learned from the 1930s. Fifty years ago the problem was deflation, not inflation. Following the return to the gold standard in 1925, the amount of money in circulation was reduced. By 1930 there were nearly three million unemployed, there was a steady appreciation in the value of money, prices fell often below the costs of production, bringing unemployment and ruin to many producers of wealth. We were told to "tighten our belts" and had to accept a 10 per cent cut in incomes and a reduced standard of living.

At the same time the country was full of unsaleable goods, foodstuffs rotted in the ground, milk was poured down drains while children were undernourished. Typical headlines in the press of those days were "Enough wheat to last for two years", "More tea than we can drink".

The Sunday Express commented: "The world is full to the overflowing with the greatest surplus of goods in history." In a search for the remedy for this dilemma described as "poverty in the midst of plenty", the financial and financial experts (with some notable exceptions) searched in vain for the answer to the problem. They looked everywhere except in the realm of a deflationary monetary policy where the reason was to be found: Those of us who urged that more money should be put into circulation to enable people to buy what was already available were dismissed as monetary crackpots.

What is the relevance of this to the present situation? The answer is to be found in the fact that since 1945 successive governments have reversed pre-war policy by pumping more money into circulation without regard to the increase in the quantity of goods and services available to be consumed. As in a deflationary monetary policy the value of the monetary unit appreciates, so with an inflationary monetary policy the value of the monetary unit depreciates. Both are wrong and the results are calamitous.

Those who refuse to admit the importance of money supply in the inflationary situation are guilty of the same error as those who refused to recognize that the pre-war deflation was also a monetary phenomenon.

In her speech in Parliament yesterday (February 28) the Prime Minister made an important pronouncement. She said: "Experience shows that the only way of attacking inflation is to reduce the money supply closely related to the output of goods and services. Whenever governments have not followed this simple rule—when money is in greater supply than goods—inflation has resulted." Thank goodness for Mrs Margaret Thatcher.

Yours faithfully,
EDWARD HOLLOWAY,
Honorary Secretary,
Economic Research Council,
55 Park Lane,
London, W1Y 3DE,
February 29.

Public houses look for a winner

From Mr John C. Overton

Sir, On behalf of the members of this organization comprising tenants and owners of public houses, I would like to congratulate you on the excellent manner in which Mr Harris identifies the unfair situation relating to public houses and clubs on the question of fruit machines.

I would reiterate that, in our view, the club and pub machine should offer the same stakes and prize money and should be taxed on the same basis, but reviewed regularly to take account of inflation.

There is no doubt that unless radical changes are made, there is a real threat to the viability of the public house as we know it.

Yours sincerely,
JOHN C. OVERTON,
Chief Executive,
The National Union of Licensed Victuallers,
Boardman House,
2 Downing Street,
Surrey GU9 7NX.

BLUNDELL-PERMOGLAZE

Holdings Limited

Profits doubled in two years to over £2 million

N. G. Bassett Smith C.V.O. Chairman, reports another year of progress.

- Profits up from £1.8 million to £2.2 million
- Margins maintained despite significant increases in raw material costs
- Cash position remains strong
- Total dividend up 33% to 4.80p per share

Prospects—At the Annual General Meeting on 5th March 1980, the Chairman said: "The first four months trading results are up to budget forecasts but the continuance of the National Steel Strike, which affects both our supply of containers and many of our industrial users, does not place me in a much better position to forecast than when I issued my statement in January. However, this Company has demonstrated its ability to react quickly to changing conditions and, if the Steel Strike ends in the near future, shareholders can expect another satisfactory result."

Blundell-PermoGlaze Holdings Limited,
York House, 37 Queen Street, London WC1N 3EL.
A group of companies concerned with the manufacture of decorative trade paints and industrial finishes.



BY THE FINANCIAL EDITOR

Dividend policy at Cons Gold

By anyone's standards, Consolidated Gold Fields is a blue-chip company. Along with Rio Tinto-Zinc, it dominates mining house investment in the United Kingdom. Institutions, which expect to maintain a certain weighting in the mining sector, are most likely to achieve it partly through Cons Gold. The company's dividend policy is therefore of considerable importance.

On earnings per share of 25.9p at the interim stage, compared with 14.5p, Cons Gold is paying a dividend of 7.5p (40.7p gross) against 3.5p last year. Cover is thereby slightly reduced from 4.14 to 3.45. This is in line with the company's repeated statements that it would try to keep dividends above average when circumstances permit. Working out the yield is not so easy, however. The sharp increase in the interim payout is designed to reduce disparity between it and the final. On the assumption that this ratio would normally be about 1.2, the final would be 20p or 21.4p giving a total payment for the year of around 30p. Here the yield would be 5.7 per cent, about right for the sector.

It is possible to be more optimistic. Although Cons Gold's industrial and American interests may not grow quite as strongly in the second half, it will be a bumper time for gold profits. The average gold price in the last six months was \$360 an ounce, and the first two months of the second half saw it rocket to \$670. That kind of figure is expected to persist throughout the year. An additional advantage here is that the tax charge on dividends from Gold Fields of South Africa is low. So there is some speculation of dividends totalling 50p gross.

Whatever the outcome, Cons Gold has again shown its diverse strength, a point which will be appreciated by Mr Harry Oppenheimer who collects about £2.8m on account. While all mining interests accounted for 40 per cent of profits, and gold mining specifically 29 per cent, construction materials shipped in with 31 per cent and manufacturing 17 per cent.

Mr Oppenheimer's interest in the company, involving as it does long-term considerations, will be carefully watched by other shareholders.

Racial Turning over some stones

Racial has been turning over a few stones at Decca. Losses for this year, which had been estimated at around £6m, are more likely to be £10m, though of that perhaps £4m is accounted for by music publishing, which has been sold, and television manufacture, where negotiations for a sale are advancing. That leaves a quite serious problem with small marine radar equipment where Decca is being hurt by Far East competition and has been unable to produce new competitive products on time.

For Racial, however, there is no cause for alarm and it can still look forward to break-even from Decca by the end of next year and beyond that a positive contribution.

Racial meanwhile forecasts profits for the current year of more than last year's £6.6m, but not more than £6.5m. It has been a difficult period for electronics companies and currency distortions have not helped. On a pro-forma basis, then, Racial is selling at around 144 times prospective earnings, with the shares at 222p and yielding under 24 per cent historically.

This demanding rating especially for a group whose balance-sheet profile will be substantially altered as a result of this big-dealing could raise as much as 60 per cent. This is all the more so because it suggests that Racial may have bitten off more than it can chew with Decca, but there is no evidence to suggest that view yet and no evidence to suggest that Racial's management has lost its dynamism. And that after all is what is going to decide whether the Decca acquisition works or not.

Rhodesian markets Blocked for the moment

The tiny Salisbury stock market consisting of five companies, none quoted on the London Stock Exchange, is around £250,000 a day, has been blocked. The initial reaction to Mr Robert Mugabe's convincing election victory has been down by around 10 per cent, but there was some recovery from the lower levels.

The Rhodesian market had been in the doldrums for the seven years of the war and since the first whiff of real peace four and five-fold rises in share prices have not been unusual. Seen in that perspective the fall of the past couple of days is no more than a ripple.

There are few Rhodesian shares a British investor can buy because of that country's stiff exchange controls. Anyone buying shares on the Salisbury register only runs the risk of seeing his money blocked. An existing shareholder in Britain, and there are many, is already in this situation. Not surprisingly London jobbers are unwilling to take on shares on the Salisbury register only.

This effectively leaves half a dozen shares for consideration—including Rhodesian Corporation, Falcon Mines, Coronation Syndicate, Wankie Colliery and MTD Mangula. It is not impossible that these will rise further if Mr Mugabe's tolerant attitude to private business remains as benign as it sounds now. This could happen not only because the Rhodesian economy can really take off but also because there is plenty of money about some of which might find its way to the stock market.

But British investors should remain cautious. The Rhodesian dollar is grossly overvalued and a large scale devaluation may be expected. It is not at all clear whether this is discounted in existing prices. Secondly, some form of exchange controls are likely to remain and could affect foreign investors. Finally, peace is not yet certain. A potentially more rewarding speculation could still be Rhodesian sterling bonds where in case of the peace holding the downside risk is small and the upward potential good or very good depending on the ultimate compensation terms.

Leigh interests

Fund raising with a difference

It is plain enough why Leigh Interests wants to raise an additional £2.53m in cash. The reasons for the decision to raise it by way of an issue of convertible stock take rather than more understanding. And as the Coal Board pension funds' preferential status to what seems likely to be a highly successful issue—well, the circumstances may be understandable, but the reasons remain quite impenetrable.

Leigh is a small Black Country waste gobbling, whose profits took a dip last year but have subsequently recovered, so that the directors are now forecasting £1m pre-tax for 1979-80 against £845,000 last time and a previous high of £929,000. The company has been involved in heavy capital expenditure on the development of new disposal sites, and proposes to keep it up; and while it could be financed out of bank borrowings, the balance sheet would look the worse for it. Hence the issue.

As for the decision to issue convertible loan stock, that hinges partly on the fact that there have been two conventional issues in the past three years; partly it reflects awareness of the relatively small market in the shares, which tend in consequence to swing wildly in price; and partly it hinges on the fact that profits—and therefore dividends—will not be reflecting the benefits of the capital expenditure for a year or so. The 10 per cent convertible stock now being issued (£1 of stock for every four shares) will, if taken up by existing shareholders, boost their income in the interval. It is convertible, at the rate of one new share for every 140p nominal of the stock, in the years 1982-84.

Some of the existing shareholders, however, are not going to get the chance to boost their income in any such fashion, because the company has already agreed that one of the Coal Board pension funds' nominees, CIN, shall subscribe to 25 per cent of the issue.

The Coal Board pension funds are two amongst several institutions, only too pleased to put their money into the company; and another two (Norwich Union and Britannic Assurance) have agreed to take on some of the underwriting in preference to Kleinwort's, who are the official underwriters.

Now, the attractions to the institutions are plain enough, and it isn't difficult to see why the directors reckon that CIN's involvement gets the issue off to a flying start. The fact remains however that whether they want it or not, all shareholders in this company are going to get an equal chance of subscribing to this issue of stock. Maybe they ought to reject the resolution if it is conditional upon, at the extraordinary general meeting on March 21.

Economic notebook

Caroline Atkinson

Problem of measuring the immeasurable

What happened to the economy last year? Everyone knows that economic forecasts should be taken with a pinch of salt (if not a fistful), but few realise that the figures on which we base our view of the recent past can be almost as unreliable.

We are already fairly well into 1980, and the Central Statistical Office has churned out quite a few figures about economic and industrial developments in 1979. But while some of them suggest that the year saw the last fling of the 1978 boom, others show rather that this year heralded a recession already beginning.

One of the three measures of gross domestic product began inexplicably to diverge from the others at the beginning of last year. A picture of total output can be built up from looking at income, spending or output. These three measures are then compiled into an average. But the Central Statistical Office took the unusual step last year of warning users away from the expenditure measure, which seemed to have started under-recording substantially.

It will be some time before economy watchers can be confident that they know how the level of output has changed between 1978 and 1979. By that time, of course, few will be interested, as attention will be concentrated on divining what has just happened and what is to come. Last year was not the only one where the first figures are misleading.

Most people still assume, for example, that 1976 was a year of disaster for the economy. Figures at the time showed a huge balance of payments deficit and a sharp fall in growth. The first was almost certainly an important element in the pound's dramatic plunge that year, which led directly to Britain's appeal for cash from the International Monetary Fund and the subsequent painful review of policy in autumn 1976.

But later revisions of the balance of payments figures showed a much smaller current account deficit—not much more than £1.423m. Again so that at the last count last month, it was put at £1.152m.

What of output in that year? It now turns out that 1976 was a boom year, with output in the first three months more than 4 per cent above its level a year earlier. In fact data for 1976 are now low-forecasters can sometimes predict the future better than statisticians can measure the present.

Growth

Almost all the major forecasts expected growth in 1976 to be higher than the first estimate suggested it had been. Subsequent revisions to the figures have brought them closer and closer to the forecasters' expectations. The CSO's frequent and often sizeable revisions of its figures naturally have upset and annoyed users, and have brought it under attack from some of them. Government statisticians make no attempt to hide the fact that their early stabs at the figures are often very wrong.

But they have been accused not merely of getting it wrong in a random way, but of a systematic downward bias in the early estimates of the gross domestic product. Stockbrokers have pointed out that most of the revisions to GDP statistics in recent years have been upwards, and that this tends to give a doubly gloomy view of how the economy is performing.

Now, the attractions to the institutions are plain enough, and it isn't difficult to see why the directors reckon that CIN's involvement gets the issue off to a flying start. The fact remains however that whether they want it or not, all shareholders in this company are going to get an equal chance of subscribing to this issue of stock. Maybe they ought to reject the resolution if it is conditional upon, at the extraordinary general meeting on March 21.

It would not be surprising if this were true. The statistical series for industrial investment

and stock changes are volatile and the latter in particular is notoriously unreliable. The stocks series is sometimes said to be used as a kind of dustbin for the accounting discrepancies which are thrown up in the compilation of the whole of the national accounts.

It seems that the Department of Industry, which is responsible for drawing up this investment series is unwilling to adjust the account of potential bias, although the CSO itself does adjust some of its series. A downward bias in many of the statistical series which go to make up the GDP total is likely because they are based on returns from surveys of known companies. In time some go out of business while others, not immediately known to statisticians, start up. The problem of "births and deaths" as it is known in the trade, means that unadjusted series tend to under-record business activity.

A certainly true that early figures for GDP have usually been revised upwards, although not invariably so. And as a study carried out by Mr Paul Ormerod shows, the data for fixed investment seem to be more subject to later upward revisions than other components of the national accounts. But the revisions are not as large as suggested by Hoare Govett, who seem to look only at the particularly unreliable expenditure measure of GDP.

Errors

Government statisticians warn against correcting present figures according to the errors which it is now possible to see in older ones. They claim that constant revision to the techniques of data collection means that past problems are gradually ironed out.

Nevertheless a nagging doubt about the accuracy of recent GDP figures remains in the minds of many economic forecasters. Most of them were confounded by the failure of unemployment to rise to the heights which they had predicted during the last recession. (There was a lot of talk at the end of the 1970s about the "breakdown of the traditional relationship between output and employment".) Could it have been that output was in fact higher than shown by the figures?

The CSO is by no means unique among national statistics offices in producing what turn out to be inaccurate data. A study in 1979 of the revisions to the national accounts, major industrial censuses, and that Britain came out fairly well.

Inflation presented a major problem for all government statistical services in the 1970s, but especially for those in Britain, where figures were both high and variable.

The CSO attempts to correct GDP data to take account of inflation, in order to present a picture of the volume changes in the economy. This is, of course, a much more hazardous task when prices are moving rapidly and at a changing rate. The quality of the national accounts has almost certainly deteriorated in the last 10 years because of this, and despite improvements to methods of collection.

But a country cannot live on a profitable scheme. In the early 1970s the combination of falling real returns from agriculture, growing economic piracy among the Sudanese, and a sudden wealth in the oil-producing countries, caused Sudan to look to its Arab neighbours for help in developing its resources, particularly its land.

In 1976 the Kuwait-based Arab Fund for Social and Economic Development put forward an ambitious plan to establish a 6,000m fund, known as the Arab Authority for Agricultural Investment and Development (Triple A). Arab petrodollars were to be invested in Sudanese agriculture over a 20-year period.

Public money was expected to take care of essential infrastructure, such as water and transport, while private investors could put their cash in

Product liability: are industrialists protesting too much?

The Confederation of British Industry is busy beating the big drum about impending legislation on product liability.

Yesterday in Bristol, Mr John Cornys Carr, their consultant, was talking on the subject under the doom-laden title "A growing concern". At the same time, the CBI has been pressing papers on the Department of Trade arguing that if the European Commission's draft directive is accepted, producers will be put out of business, industrial innovation will cease, the competitive edge will be lost, unemployment will spread, consumer choice will be depleted, and British industry generally will have intolerable costs to bear.

It is, as Mr Richard Burke, the European Commissioner, observed on a recent visit to London, a great deal of emotive controversy to arouse over a comparatively minor reform of the law, which has already been widely and lengthily discussed, and which the best authorities agree is not likely to cost any body very much.

The aim of the draft directive on product liability is to make producers legally responsible for defects in the products they put into commercial circulation. This is so logical a proposition that most people in Britain, mistakenly, think it already applies.

In fact, present law makes the seller liable for the quality of the product, and this can lead to injustice. Each seller is strictly liable only to his own customer. The injured consumer is left only with a remedy against the retailer, which may leave him without compensation if the shop which sold the item closes down or goes bankrupt.

Otherwise liability may be passed back along the chain of distribution, successive buyers suing successive sellers in a wasteful series of legal actions.

Worse still, there remains the illogical risk that someone who did not actually buy the faulty item, yet had the misfortune to be injured by it, could be left without remedy unless he is able to prove negligence—legally a very complicated task.

The CBI objects strenuously to the idea that a system of strict liability would make producers directly responsible for the harm their defective products caused anyone, without proof that they had been negligent.

Yet strict liability is a well-established part of the existing law. Sellers are already strictly liable to their customers. It is the lack of strict liability towards other parties that has produced anomalies.

The European Parliament (but not the European Commission) accepted the manufacturers' plea for a "dilemma of development risk"—which means that manufacturers should not be liable for defects they could show they had no means of knowing about given the state of scientific knowledge at the time the product was put into circulation.

At first sight it might seem unreasonable to make a producer liable for things over which he has no control. Yet the present law of contract does precisely that to sellers.

The case against the "development risk" defence is that compensation is not a punishment on manufacturers for carelessness, but an essential remedy to injured parties for the harm they suffer.

To accept the "development

risk" defence, as the European Parliament wished to do, is to say that consumers can be treated as guinea pigs and must bear the risk, without remedy, of defects being discovered during the use of the product.

The CBI claim that the system of strict liability is unknown in EEC member states. Significantly, though, West Germany has already imposed strict liability, even where development risks are involved, precisely the most difficult and contentious area—that of pharmaceutical products.

Those who suppose that liability will accept that manufacturers will pass the costs on to consumers generally in the form of increased prices. It is unfair, they say, to leave it to a lottery which may leave the unlucky individual consumer who happens to suffer injury with losses out of all proportion to the original cost.

The Pearson commission showed that only 21 per cent of accidents involved consumer products or services. More than half of these related to medical products and services. Some quality for compensation already. The average costs of compensation awarded after claims resulting from defective products was under £500.

From this it seems that making manufacturers strictly liable to everybody would not markedly increase costs. Producers already have potential liabilities against which insurance cover is usually obtained. Insurance industry spokesmen say the proposed changes would not normally involve more than doubling the cost of premiums.

That, the CBI claims, would mean an extra £200m on industry's bill.

Robin Young

Sudan cuts its dreams down to size

profitable spin-off ventures recommended a series of economic reforms. The fund also believed that with a minimum of investment, particularly in Gezira, Sudan could halve declining agricultural yields (Sudanese £216m last year) by half.

These proposals bore fruit in last month's \$62m agreement with the World Bank which together with the European Economic Community, will provide scarce foreign exchange to buy much needed replacement machinery.

With Kenana coming on stream (it hopes to produce 40,000 tons of sugar this year, rising eventually to 350,000 tons) and with the World Bank sponsored agricultural rehabilitation programme being implemented, there is a new sense of realism about the country's potential.

The Triple Aid's office in Khartoum is at present participating in four very moderate projects. One or two Arab investors, such as the Saudi Prince Mohammed el Faisal, who have continued to support Sudan through all the tribulations, are beginning to feel more optimistic.

Kenana has shown that new agricultural schemes can be completed against all the odds. Sudan's most pressing economic need now is to remove its debilitating transport difficulties. For without the ability to move either plant and machinery to distant sites or agricultural produce to overseas markets, other development projects are pointless.

Andrew Lycett

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Business Diary: A burning question for ICL • Joll's latest deal

It seems as though the first of the two... Mr Justice Dillon... after a hearing... the Haymarket Press's weekly trade paper, Computing.

The row arose from an... Computing came... the first of what was... part series on ICL's... plan. Less than... appeared within the first... article said to be... ICL secured an... venting publication... paper had effectively... confidential documents.

Where Mr Justice Dillon... comes in is that... has brought a... damages the company... the documents on which... Computing was based... be returned. Computing... want to do this... the photographs the magazine... and presumably the... who took them—could be traced.

Computing, like any other... paper, wants to protect its... source, and is therefore... ing to destroy the documents... Part one of the... listed on February 29... is completely... computing... give details of... Hackney & Co.

James Joll was a brilliant financial journalist on the Financial Times. Lee team who became a successful merchant banker, one of several who took that path in the late sixties. Now, 12 years later Joll is moving on, leaving Rothschild's where he contributed much original thinking and shared closely with Jacob Rothschild in a dynamic period for the bank and its affiliate, Rothschild Investment Trust.

Joll is joining the board of... parent of the FT. plan. Less than... appeared within the first... article said to be... ICL secured an... venting publication... paper had effectively... confidential documents.

Where Mr Justice Dillon... comes in is that... has brought a... damages the company... the documents on which... Computing was based... be returned. Computing... want to do this... the photographs the magazine... and presumably the... who took them—could be traced.

Computing, like any other... paper, wants to protect its... source, and is therefore... ing to destroy the documents... Part one of the... listed on February 29... is completely... computing... give details of... Hackney & Co.

This space reserved for James Joll

Not James Joll: there was not a picture, and he did not want one taken. Funny how journalists can be so shy.

six-man executive board. At 43 and after a merchant banking career which Joll himself would describe as "a bit of a roller coaster", he has been bounced, he is apparently seeking a more structured life after the whirlwind of corporate finance. Joll will be remembered at Rothschild not just for the big "chip" deals such as the splitting of John Lains, but also for the work he carried out on the reconstruction of several

Among those delighted that the Rhodesian elections have taken place, the winner, concerned about the City of the finance chiefs of the City of Westminster. After all, they are owed £24,578.79 in rates on Rhodesia House since 1963.

The council wrote to the Foreign Office before Christmas to press for the money, and has been waiting for a reply ever since. Donald du Parc Brabant, chairman of the council's finance and scrutiny committee, did not expect an answer before the elections. He does now.

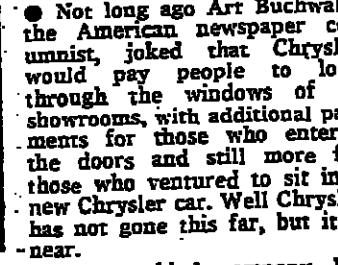


Michael Hart.

post-colonial corporate empires, notably in the Far East. One of these left him scarred. In 1976, five years after a bid by Sir Derby for Seaford in Amalgamated Rubber, Joll was censured by the Takeover Panel for failing to observe the necessary standards of frankness and complete disclosure which the Panel expected. This day many in the City feel Joll was treated unfairly.

Ronald Reagan and the Republican right are tagging David Rockefeller as a leftie just because George Bush and Jimmy Carter once sat on the banker's Trilateral Commission.

Bush, Republican loonies say, was party to liberal conspiracies hatched by the commission. This may be the last time Rockefeller may have to put up with such rubbish: he's handing over the chairmanship of Chase Manhattan bank next year. Ah, say the rightists, Rockefeller's only leaving to become Secretary of the Treasury.

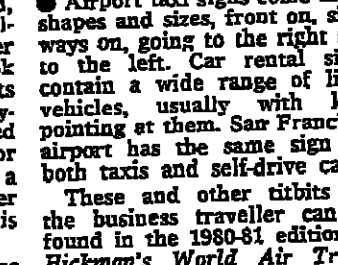


Michael Hart.

Not long ago Art Buchwald, the American newspaper columnist, joked that Chrysler would pay people to look through the windows of its showrooms, with additional payments for those who entered the doors and still more for those who ventured to sit in a new Chrysler car. Well Chrysler has not gone this far, but it is near.

The troubled company has just announced that it is going to pay \$450 in cash to anyone who buys a medium-sized Chrysler car or a van. The rebate will be on top of the substantial discounts that customers can negotiate with Chrysler dealers these days.

In addition to the cash bonus buyers get two years free membership of an automobile club. And if the new car is less than satisfactory in its first 30 days or first 1,000 miles, the customer can have all his money back.



Michael Hart.

And on top of all this any serious buyer gets \$50 just to test drive a Chrysler. This is given irrespective of whether the customer buys a Ford or any other rival car, first so long as in making the choice the customer has test driven a Chrysler.

Chrysler sales in the United States fell 23 per cent in January and 26 per cent last month. If these incentives fail, what next?

An Englishman telling an Irish joke in a Ulster pub was suddenly interrupted by a tap on the shoulder. "What's black and blue and floats in the Irish Sea?" asked the man behind him. "I don't know what is black and blue and... he started to reply. "An Englishman who tells Irish jokes here," said the Irishman.

Ross Davies

FINANCIAL NEWS AND MARKET REPORTS

Briefly

ASDA is to buy F. and A. E. Lodge's supermarket at Birkby, Huddersfield.

THOMAS WITTER Chairman reports that the company has started the current year with optimism and he considers that last year's level of trading should be exceeded.

Wm. WHITTINGHAM his annual statement. Mr John Warrle, chairman of William Whittingham (Holdings), says that the board confidently expects the company's progress to continue. "It would be unrealistic to say that the dramatic increases in profitability shown over the last two years will be repeated proportionately, but it is entirely realistic to expect that the improvement in profitability in the current year, will exceed the rate of inflation."

AARONSON BROS. Because of continuing pressure on margins, profitability in the first quarter of the current year was below that for the similar quarter last year. Turnover has increased and, with the benefit of the major capital expenditure programme coming through, the board is hopeful of a satisfactory outcome for the current year.

YORKGREEN INVESTMENTS Turnover for half-year to October 31 up from £179,000 to £259,000 and pretax profits from £28,000 to £58,000. Comparisons include results of Interline Linear Controls, which was 50 per cent-owned offshoot until October 1978.

PEAK INVESTMENTS Under agreement in 1979 for sale by Peak Investments of its electronics interest to Irish firm, Nissa Ltd., £100,000 (Irish) was payable to the company. The sale is deferred. Final consideration. To date, only £35,000 has been paid and Peak's board has started legal action for recovery of balance.

CORONET INDUSTRIAL Coronet Industrial Securities' chairman reports in his annual statement that during the year the former chairman's loan was repaid and the company took up a medium-term loan from its bankers. Board confident that ample financial resources are available to enable continuing growth in profit and dividend.

K C A DRILLING K C A Drilling is expanding into Canada. Its first two drilling rigs are now being transported to North West Territories.

LONDON & LIVERPOOL TRUST London and Liverpool Trust, whose shares were suspended on Monday ahead of a major reorganization, said yesterday that Dutch-based Kijung Chemicals group has sold its 6.23 per cent stake. The group believes it went to a number of investors, although confess they do not know who they are.

MANUFACTURERS HANOVER The Export Credits Guarantee Department has guaranteed the repayment and funding of a US\$50m loan which Manufacturers Hanover Limited, acting on its own behalf and for a syndicate of banks, has made available to Privredna Banka. The loan will help finance construction of a petrochemical complex to be constructed on the island of Krk, Yugoslavia.

Options

Traded options remained sluggish yesterday as total contracts rose marginally from 570 to 606.

Company result dominated the scene with Consolidated Gold Fields reporting better-than-expected half-time profits, contributing 143 contracts. The April 460p series was the most popular, with most now thinking that the share price, at 526p, has now run out of steam.

Shell, reporting today, remained active with 103 contracts, most of which revolved around the April 390p series.

Traditional options encountered further activity ahead of declaration day today. Mines and Rhodesian-related issues proved popular, although "puts" were arranged in blue chips, including Glaxo, Grand Met, Dunlop and Shell.

Stock markets

Gilts surge ahead on hopes of Bank help

Hopes that the Government is going to do something to relieve the strain in the money markets brought an optimistic note to trading yesterday.

Gilts made an early attempt to recoup some of the heavy losses on Tuesday which in turn breathed some life back into the equity market.

Equities had started cautiously, bearing in mind the latest rise in United States prime rates and the gloomy economic outlook predicted by most experts. The threat of a make or bust situation in the steel dispute, now entering its tenth week, also provided an extra note of caution.

However, this was all tossed to the wind when gilts roared into action and prices steadily moved firmer as jobbers were taken by surprise. The position improved as the morning wore on with price movements being exaggerated by a shortage of stock after the jobbers moves the previous day to sell as to avoid the risk of running too long a position.

Several sectors, nevertheless, did encounter buying, including gold shares and oils, which returned to favour after an earlier bout of profit taking. Company news and special situations again provided bright spots elsewhere.

Gilts were the main talking point with most observers now confident that the Government will allow the Bank of England to step in with help with the repurchasing of government securities.

In the event, longs went some way to recoup the previous day's losses with rises of 1/2 on overnight levels. But while no selling was reported the market was described as thin with most jobbers reportedly short of stock which accounted for some of the more accentuated rises.

The story was very much the same in shorts where prices

Speculative interest persisted in an old takeover favourite, Elys (Wimbledon), yesterday. The shares rose 10p to 142p on suggestions that Owen & Owen with a near 30 per cent stake was about to bid for the rest of Elys or at least sell off its interest. Owen & Owen refused to comment on the suggestion.

closed at the top with rises of 1/2. Dealers are now anxiously awaiting the banking figures which are due next Tuesday in order to decide the next move.

Equities remained firm in after hours in advance of new business which starts today. As a result the FT Index closed at the top with a rise of 4.3 to 460.4.

Stock shortage and a further reflection on recent figures provided for a better time in blue chips where Unilever regained all of its earlier losses after full year figures. The shares closed with a net rise of 10p on the day at 448p.

Fisons, which also reported earlier this week, continued to wobble, shedding 3p to 279p while Trusthouse Forte expanded 5p after its AGM and Grand Met climbed 6p to 137p ahead of its AGM today.

Rhodesian related shares were slightly firmer after the elections there, but the market was reluctant to adopt a wait and see policy. In the event, Lomb closed 2p lower at 102p, Turner & Newall improved 1p to 126p while in Rhodesian mines MTD

(Mangula) rose 10p to 120p and Wankie Collieries firmed 2p to 56p.

Rhodesian bonds were also steadier but still below Monday's levels. Southern Rhodesia 41 per cent climbed 5p to £70, Southern Rhodesia 24 per cent 67p rose 1p to £122 and Southern Rhodesia 6 per cent 78.81p by a similar amount to £133.

Shares of Webber Electro Components made a bright start on its debut trading under rule 163(2), rising from an initial price of 44p to 57p. But Leigh Interests shed 3p to 129p after its cash call to shareholders.

British Vita lost another 2p to 158p and Diploma Investments 3p to 447p after warnings by their chairman over trading prospects.

Reports that the two Bermudian companies had bought a stake in Furness Withy pushed the shares 2p higher at 390p, while proposals of a consortium to build the channel

tunnel boosted Channel Tunnel 12p to 137p.

Comment provided a firm spot for May & Hassel, 3p better at 92p, as speculative interest lifted Hamilton House 10p to 73p. Vespe rwas a doll

Sudden support for brick-makers, Hamilton House yesterday, pushed the price 10 ahead to equal its 12-month peak of 79p. The group, headed by Mr Graham Ferguson Lacey, holds 1.5 per cent of Bernard Warrle, for which Mr Lacey is currently bidding 33p a share.

spot falling 9p to 166p over the delay in Government compensation payments.

Rubbers were again attracting attention over the latest inflationary budget from Singapore which was described as bullish. Guthrie climbed 30p to 785p on bid rumours accompanied by Highlands 8p to 120p and Castlefields 2p to 504p.

Among companies reporting AAR rose 12p to 140p, Matthew Clark 4p to 144p and Herrburger Brooks 8p to 71p after all reporting increased earnings but Koda International dipped 18p to 205p.

Equity turnover on March 4, was £100.67m (17,326 bargains). Active stocks yesterday, according to Exchange Telegraph, were, BP, Burnham, GEC, Consolidated Gold Fields, Furness Withy, Premier Cons, Shell and ICI.

Latest results

Company	Sales	Profits	Earnings	Div	Pay	Year's
Int or Fin	£m	£m	per share	pence	date	total
Cons Gold (I)	241.0 (190.0)	6,463 (4,161)	—	3,483 (3,081)	31/3	(7.0)
Hallam Sleigh	5,9 (4.7)	71,0 (45.0)	25.9 (14.5)	7.5 (5.3)	30/4	—
Herrburger Brks (I)	2,4 (2.7)	0,02 (0.15)	0.6 (3.0)	Nil (0.57)	—	(1.34)
Kode Int	8,307 (7,323)	1,251 (1,251)	17.4 (22.3)	4.37 (3.41)	—	6.38 (3.25)
Matthew Clark (I)	39,2 (38.4)	2,171 (1,681)	—	2,0 (1.8)	14/4	7.57 (3)
Palecon (F)	33.4 (31.9)	1,211 (81)	2.2 (2.8)	0.53 (—)	—	1.0 (—)
Yorkgreen Invest (I)	—	0,05 (0.02)	0.9 (0.8)	—	—	—

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.428. Profits are shown pre-tax and earnings are net. **=loss.

AAH sees profits rise by 55 pc

By Peter Wilson-Smith

Sparking performances from A.A.H.'s fuel distribution company, its builders' supplies division were behind the group's 55 per cent increase in pretax profits to £6.46m in the nine months to December 31. Sales rose by 27 per cent to £241m.

But the interim dividend of 4.97p gross is only one tenth higher and there is no indication of a larger increase in the final. A.A.H. explains that it wants to preserve cash when interest rates are high and borrowings are at a seasonal peak. Interim charges for the nine months were £1.34m against £818,000.

It is also worth noting that because most of the rise in profits came from companies held through British Fuel Com-

pany, in which the National Coal Board has a 49.8 per cent stake, minority interests after a full 52 per cent tax charge were sharply up from £624,000 to £1,251m.

This meant that excluding a £415,000 extraordinary credit, profits attributable to ordinary shareholders were only 34 per cent up at £1.77m.

The strong showing by fuel distribution was due in big price rises in fuel oil and customer re-stocking of solid fuel. However, mild winter weather will mean a slower pace in the final quarter.

The same again profits in the final quarter are likely to give around 9m for the full year. Up 12p to 140p, the shares yield a probable 8.0 per cent and the prospective PE ratio is 7.8.

Profit downturn at Kode

Computer peripherals group Kode International disappointed the market with a £165,000 drop in second half profits. This left the full-year taxable surplus to December 31 only 3,000 up at £1.25m on sales 13 per cent higher at £5.50m.

The tax charge has more than doubled to £495,000, reflecting a temporary fall-off in capital spending, which reduced capital allowances, and a larger provision for deferred tax. So attributable profits were down from £1.02m to £738,000. However, the year's dividend, which was increased by 23 per cent to 9.4p gross, was still covered more than

two-and-a-half times on stated earnings.

A £150,000 stock write-off of the now superseded Dataver computer input system and supply problems costing about £150,000 profit explain the second-half downturn.

Growth should resume in 1980. The computer peripherals side will remain difficult as recession sets in, but Moore, Reed, which suffered the supply problems in 1979, has strong order books.

At 207p—19p lower immediately after the results—the shares yield 4.5 per cent and the price-earnings ratio on a notional full tax charge is 15.

Oceana details disclosed

Shareholders of troubled Oceana Holdings, formerly Barnett Christie Securities, yesterday were given the first chance in nearly a year to see any financial information on the group.

Oceana Holdings, whose shares were suspended early last December pending clarification of its financial position, is on the receiving end of a

bid from businessman Mr Patrick Doyle.

Mr Doyle, now a director of Oceana, has bought 45.7 per cent of the company and is bidding 10p a share for the outstanding holdings.

Licensed dealers Energy, Finance and General Trust, acting for Mr Doyle, have sent out details of the offer, and an annual report covering the year to April 30, 1979.

Phicom figures hit by strikes

By Our Financial Staff

Engineering and electronics group Phicom, which emerged last May from the reconstruction Plantation Holdings, was hampered in the second half of its financial year to December 31 by both the engineering and the television strikes.

These together cost £750,000 with the result that Phicom made only £59,000 pretax in the second half.

So full-year profits were effectively down from £1.31m to £1.12m on sales ahead from £31.5m to £33.4m. However, Phicom is still paying a 1.43p gross dividend for the year, as forecast at the time of the reconstruction. Wgt this gives a yield of 3.1 per cent.

Higher interest rates proved an added burden during 1979—interest charges rose from £371,000 to £593,000—as was also the strength of sterling which hindered exports.

However, the overall downturn in profits disguised a strong showing from some parts of the group. The light engineering division turned in a record £714,000 before interest compared with £184,000 in 1978. Data communications also produced a record, raising profits by two-fifths to £755,000.

Against this video communications division turned from £144,000 profits from the instrument division were lower.

Business in the video communications division is still at a low level in the aftermath of the television strike, but order intake is running at a higher level than a year ago. Phicom emphasises that its confidence in the future is reflected in the decision to pay the forecast dividend.

J. B. EASTWOOD J. B. Eastwood (offshoot of Imperial Group) reports sales for 1979 of £1,870,000 (1978, £1,870,000). Pretax loss, £7,000 (£8,600).

Krupp group adds 7pc to sales

International

External sales of the Fried Krupp GMBH Group of West Germany, the steel-making and industrial group rose by 7 per cent in 1979 to Dm12,790m from Dm11,890m in 1978, according to a Krupp interim report.

The company said order inflow totalled Dm13,400m in 1979, up 23 per cent from 1978. Domestic orders totalled Dm8,570m up 28 per cent from 1978, while foreign orders climbed 22 per cent to Dm3,830m.

Krupp said orders were up in its previously troubled steel sector, with a distinct upswing in specialty steel orders and a

slight increase in orders for rolled steel. But the company noted that sales of other divisions experienced drastic increases in energy and raw materials prices.

Order inflow for machines was especially satisfactory compared to Krupp, while a series of large foreign orders marked the order inflow for industrial installations. Orders were also up in Krupp's trading

CSR of Australia decides on one-for-five rights

The directors of CSR of Australia have decided that a one-for-five rights issue will be made to shareholders. Shareholders are to be offered approximately 43 million shares at 52.50p (150 premium) in the ratio of one new share for each five shares held.

The funds raised will provide finance for the continuing growth of the group's operations. It is expected that an annual dividend of 18 cents per share will be paid on the enlarged share capital. Because the new shares are being issued at a price substantially lower than the current market price, the consequent bonus element

will result in a significant effective increase in dividends.

The new shares will not participate in the final dividend for the year ending March 31, 1980, to be paid in July, but will rank for the half-yearly dividend to be paid in December.

For the purpose of determining entitlements to new shares, transfers will be accepted up to March 28. The offer will be extended to all holders of CSR shares issued pursuant to the acquisition of Thames Holdings. In calculating share entitlements, fractions of one share will be rounded up. Rights trading will commence on March 24.

Goldmine may reopen

Rand Leases (Vogelstruisfontein) gold mining co of Johannesburg says in a statement that its technical advisers are to examine the possibilities of reopening the company's gold mine, or part of it.

The statement said that if the study produces a positive result, the lead time to production will be about three years and, based on current gold prices, expenditure will be about R35m. The company said the engineering study into the economics of reopening the mine will be

more detailed than a preliminary feasibility study recently concluded which indicated that, at current gold prices, it may be a viable venture to reopen the mine.

The company added, however, that operations will be particularly sensitive to gold price fluctuations and cost escalations and until there is sufficient confidence that the gold price will be above the break-even level has been established, a cautious approach is necessary.

Mr Narby lays down conditions for Furness deal

By Peter Wainwright

Mr Frank Narby, the Canadian shipping entrepreneur and the power behind Eurocanadian Shipholdings, whose plans to take over Furness Withy were foiled by the Monopolies Commission, made it clear yesterday that the success of the Tung family bid for Furness Withy depended on much more than the money Mr C.Y. Tung and Orient Overseas Container (Holdings) is prepared to offer.

At present the Tungs have a 36p a share cash offer on the table, offered in the middle of last month. Formal offer documents have still to be sent out. Mr Chee Ewa Tung has had talks in London with Mr Brian Shaw, the chairman of Furness,

and in both London and Switzerland with Mr Narby, the last three weeks.

So far, Mr Narby explains, these talks have failed. Mr Tung has gone back to Hong Kong where the Tung shipping empire is based, for consultations with his father.

Mr Narby says that two companies close to him, Dolphin and Helix, will not accept any bid for Furness which does not include agreement on streamlining North Atlantic container interests.

Dolphin and Helix have also bought 90,000 more shares of Furness at 39p a share, raising their holding to 12.9 per cent. This is to indicate that in Mr Narby's view any bid below the price would fail.

Brasway explanation

Steel scrap processor and maker Brasway has written to shareholders explaining the outcome of charges made against the company.

Not guilty verdicts were returned on all charges relating to operations by the waste disposal divisions during 1973 and 1976. But two specific charges arising from offences against the Dumping of Waste Act committed in 1975 were admitted

and there were fines totalling £1,000. Taken together with the expenses this will reduce the annual profit accordingly.

The letter also points out that the steel strike has affected profits but, assuming it ends soon, the board should be able to present "satisfactory year-end results". Pretax profits should not be less than last year's £458,000 and in the event the board will pay a "good" final dividend.

Old England boost for Matthew Clark

"Old England" British wine (or sherry) sold by J. E. Mathew took a lot of the credit for the way the pretax profits of Matthew Clark and Sons went ahead from £13.3m to £15.8m after a price increase to December 31 last.

Clark owns nearly 52 per cent of Mathew which is based in Leeds and does a big trade in North and Central England. Profits attributable to minority shareholders in Mathew rose from £349,000 to £592,000.

"Old England" increased its share of British wine sales from just under 10 per cent to 10 per cent which did wonders for profits after a price increase. Another is thought to be pending. The board reports that the rest of the group also did well. Business in November and December was, it said, generally poor, and it is not expected that this rate of growth will be maintained in the final four months. But profits for the full year (to April 30) should be higher than those for 1979.

Hopes that Clark is benefiting hugely from a pre-Budget rise in a price being fulfilled. The impression is that people have less money to spend, at least in the British wine sector of the market. There is still time for some precautionary buying of brandy and whisky to occur. Last year, too, there was an upward correction of the Budget. In 1978-79, Clark had pretax profits of £2.23m.

The interim dividend rises from 1.8p a share to 2.0p net or 2.86p gross. Last year, the final was 5.5p, or 7.8p gross. The shares, subject from time to time to bid gossip, rose 4p to 144p.

Sanyo Electric

Sanyo Electric Co. expects net income for the year ending November 30 to rise to 28,000 million yen, the executive managing director W. Yoshitami Miyamoto told an analysts' meeting in Zurich. Provisional figures for 1978-79 show consolidated net income rose to 21,400 million yen from the previous year's 18,620 million yen, while consolidated net turnover rose 14.3 per cent

HK bank & MMB deal

The Hongkong and Shanghai Banking Corporation (HSBC) and Marine Midland Bank (MMB) have completed the first stages of the transaction by which HSBC will acquire a 51 per cent interest in MMB. At a ceremony in New York, Mr Michael G. R. Sandberg, chairman of HSBC, and Mr Edward W. Dwyer, chairman of MMB, participated in the transaction's "first closing" at which HSBC Holdings BV, a wholly-owned subsidiary of HSBC, acquired 3,333,333 newly-issued shares of MMB common stock at \$35.42 per share. The closing allowed the completed acquisition of a tender offer by HSBC Holdings BV for approximately 25 per cent, or 3,121,000 shares, of MMB outstanding common stock which was oversubscribed and expired.

J. C. Penney & Co

Fourth quarter results for J. C. Penney & Co of America showed sales down to \$3,695m against \$3,530m at the same time a year ago.

AUTOMATIC SWITCH

Automatic Switch Company of the United Kingdom has bought Dewarswitch Ltd. Its United Kingdom manufacturing and marketing licensee, Dewarswitch, with headquarters in Stirling, Lancashire, was bought for \$2.8m cash.

NOTICE OF ISSUE

Application has been made to the Council of The Stock Exchange for the undermentioned Stock to be admitted to the Official List.

ABRIDGED PARTICULARS

THE SUTTON DISTRICT WATER COMPANY

Originally registered in 1863 as the Sutton and Cheam Water Company Limited under the Companies Act, 1862, and now incorporated as a Statutory Company under The Sutton District Water-works Act, 1971.

OFFER FOR SALE BY TENDER OF £3,000,000

10 per cent. Redeemable Preference Stock, 1983 (which will mature for redemption at par on 31st March, 1983.)

Minimum Price of Issue—£98 per £100 Stock

Yielding at this price, together with the associated tax credit at the current rate, £14.57 per cent.

This Stock is an investment authorised by Section 1 of the Trustee Investments Act, 1961 and by paragraph 10 (as amended in its application to the Company) of Part II of the First Schedule thereto. Under that paragraph, the required rate of dividend on the Ordinary Capital of the Company was 4 per cent. but, by the Trustee Investments (Water Companies) Order 1973, such rate was reduced to 2.5 per cent. In relation to dividends paid during any year after 1972.

The preferential dividends on this Stock will be at the rate of 10 per cent. per annum without deduction of tax. Under the imputation tax system, the present associated tax credit at the current rate of advance corporation tax (37 1/2% of the distribution) is equal to a rate of 4.271% per cent. per annum.

A deposit of £10 per £100 nominal amount of Stock applied for must accompany each Tender, which must be sent to Dr Philip Hastings, New Issues Department, P.O. Box 267, 128, Queen Victoria Street, London EC4P 4JX in a sealed envelope marked "Tender for Sutton Water Stock" so as to be received not later than 11 a.m. on Wednesday, 12th March, 1980. The balance of the purchase money will be payable on or before 28th March, 1980.

Copies of the Prospectus, on the terms of which alone Tenders will be considered, and Forms of Tender may be obtained from—

Seymour, Pierce & Co., 10, Old Jewry, London, EC2R 2EA.

Lloyds Bank Limited, 49, High Street, Sutton, Surrey SM1 1DX.

or from the Office of the Company at 59, Gander Green Lane, Cheam, Sutton, Surrey. SM1 2EW.

Ley's Foundries' gloomy outlook

A gloomy picture was painted yesterday by Mr Francis D. Ley, the chairman of Derby-based Ley's Foundries and Engineering, which slumped from a pre-tax profit of £1.18m to a loss of £160,000 in 1978-79.

The chairman told the annual meeting that Ley's George Fischer (Lincoln), the company which since last October has been operating the Lincoln works previously owned by Ley's Lincoln Castings, incurred substantial redundancy costs in the first quarter: the workforce was reduced because of the low demand for the castings the company produces. It is expected to be a loss in the current year—and half of that will be suffered by the group. If the steel strike continues much longer, there will have to be further cuts in output at Ley's Malleable Castings, which will have a serious impact on its profitability.

Stamford BS to merge with Peterborough

The Stamford Building Society is to join forces with the Peterborough Building Society in a proposed merger, effective on May 1, 1980, is subject to the approval of the shareholders of the Stamford. Established in 1873, the Stamford now has assets of about £1.5m. Peterborough was established in 1860, assets are now in excess of £70m and reserves are almost £3m.

T. G. Hawker investigation

Fraud Squad detectives have been called in to Chard-based beef de-boning group T. G.

Hawker, which has collapsed with debt estimated at £4.5m. Bankers Julian S. Hodge Bank, now part of Standard and Chartered, are secured creditors for £4m.

Mr David Snowden, South Wales partner of accountants Peat Marwick Mitchell was appointed receiver and manager last December. The Fraud Squad are looking into "substantial accounting irregularities" arising from the poor management of the company.

McLaughlin & Harvey's turnover reaches £34m

Last year, profits of McLaughlin and Harvey rose from £329,000 to £503,000 after tax of £417,000, against £371,000 in 1978. The profit is also after charging an exchange loss of £30,000 and charging extraordinary items of £47,000. Turnover rose from £28.68m to £34.69m. A gross dividend of 4.28p is being paid. M. & H. came to the market last year by way of a placing: its shares are dealt in under Rule 163 (2). The company is one of the leading general contractors in Northern Ireland.

Sutton Water's £3m preference issue

After a cool reception afforded recent water issues because of market conditions, brokers Seymour Pierce will be hoping for better things with a £3m issue on behalf of the Sutton District Water Company. The 10 per cent, redeemable preference stock, 1983, is being offered at a minimum issue price of £98 per cent, with applications due by next Wednesday.

nessday. At the minimum issue price, the yield with the associated tax credit is 14.57 per cent. To a corporate investor, the yield is worth the equivalent of 21.3 per cent.

Efficiency drive pays off at Herrburger

A 78 per cent surge in pretax profit to £151,755 is reported by Herrburger Brooks, Nottingham-based makers of piano actions, keys and hammers, in the first half to November 30, 1979. Turnover advanced by 11 per cent to £2.48m. Chairman Mr J. Campbell Ritchie says the significantly improved results reflect the results of efficiency and quality programmes introduced in response to escalating production costs.

"Current indications are that results for the year should fully reflect these improvements," he adds. In the last full year, to May 31, 1979, pre-tax profit was £239,864 on which a single gross dividend of 3p was paid.

Stake of 7pc bought in Assoc Tooling

Businessman Mr J. M. Peutherer, father of the man who built up a 26 per cent stake in nut-and-bolt-turned property group Five Oaks Investments, has bought a shade over 7 per cent of engineers Associated Tooling Industries. Mr John Peutherer, Jr., now Five Oaks' managing director, who runs a string of private property companies, says the two stakes are un
